COMPREHENSIVE ANNUAL FINANCIAL REPORT

STATE OF MARYLAND

FISCAL YEAR ENDED JUNE 30, 2009

STATE OF MARYLAND
Comprehensive Annual Financial Report

For the fiscal year ended June 30, 2009

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Martin O' Malley
Governor

Anthony G. Brown
Lieutenant Governor

Peter Franchot
Comptroller

Douglas F. Gansler
Attorney General

Nancy K. Kopp
Treasurer

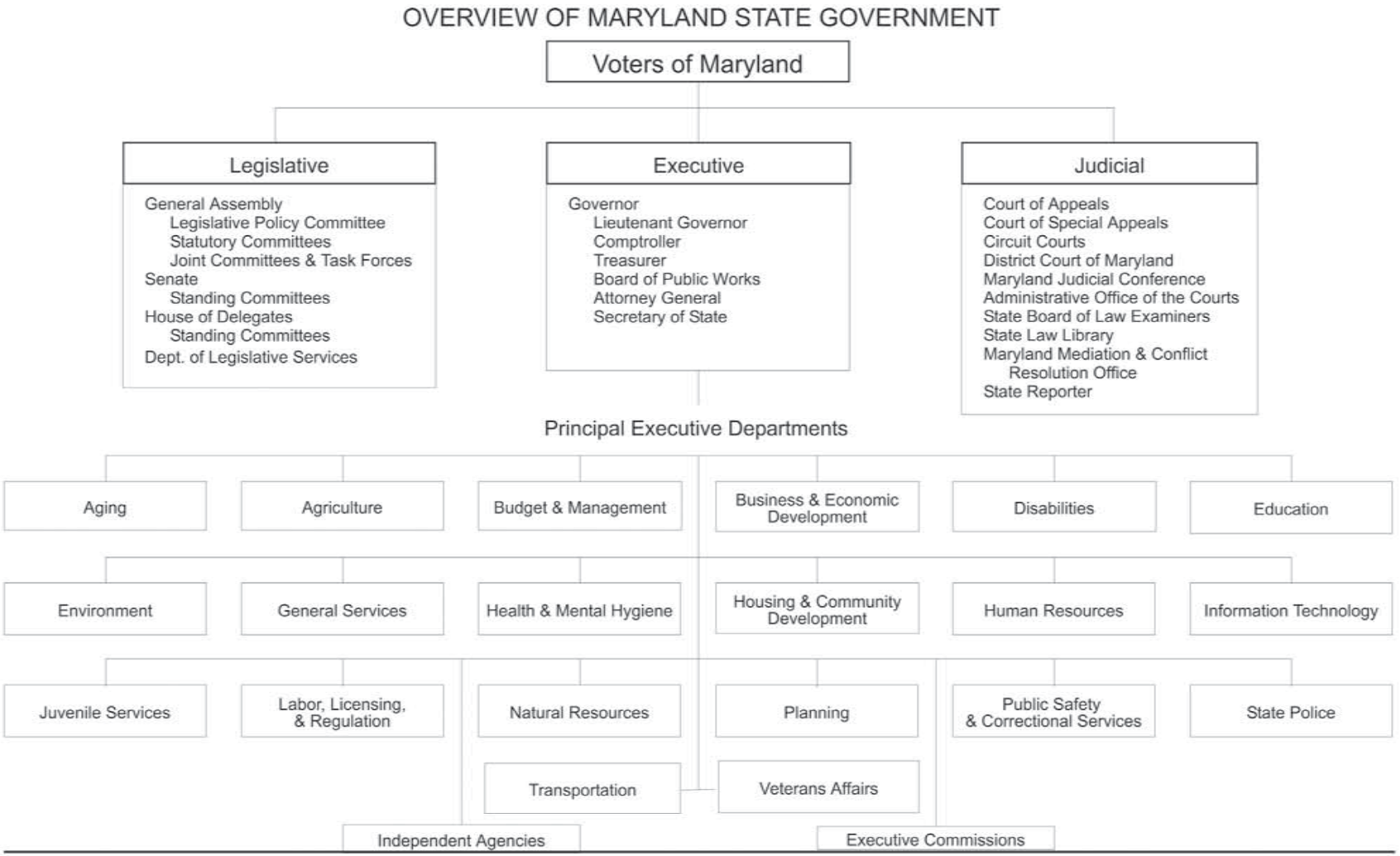
JUDICIAL

Robert M. Bell
Chief Judge
Court of Appeals of Maryland

LEGISLATIVE

Thomas V. Miller, Jr.
President of the Senate

Michael E. Busch
Speaker of the House of Delegates



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Maryland State Archives, 1 July 2008

Maryland State Government
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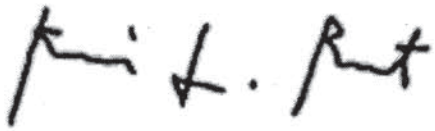
State of Maryland

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2008

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

A Message from Comptroller Peter Franchot

Doing more with less.

That seems to have become a way of life in our state and nation during the last year. In these times of unprecedented financial downturn, we in government are learning to serve the public with fewer resources.

And while it's true that we are, at long last, beginning to see some signs of regeneration in the U.S. economy – we are a long, long way from being out of the woods. We also need to realize that while the economy will eventually come back, things will never be the same as they were and we must have a mindset of saving and being even more fiscally prudent.

In these belt tightening times, we at the Comptroller's Office continue the agency's tradition of 'Serving the People' through innovative and fiscally-prudent programs and initiatives. In the last 12 months, we have:

- Rewarded Maryland's taxpayers by returning millions in unclaimed funds, improving customer service to make taxpaying easier, protecting consumers against unscrupulous tax preparers and partnering with health organizations to make sure all Maryland children have access to healthcare.

- Ensured everyone pays their fair share by leveling the playing field for individual taxpayers and small businesses. By enforcing Maryland's tax laws, the agency helped bring in nearly $800 million in delinquent taxes for state coffers.

- Helped build a firm foundation for Maryland's financial future. Supporting our young people and emerging leaders, we can create a citizenry poised to take us into the next century stronger than ever. I've recently supported efforts to bring financial literacy to all Maryland high schoolers, enforced the state's Minority Business Enterprise participation goals, expanded economic opportunity for promising investment managers and helped reallocate our state employee pension funds to maximize long-term returns.

Despite continuing economic turmoil nationwide, Maryland remains fiscally strong as we learn to do more with less. The state's fiscal landscape is ever changing, but I, as Comptroller, am working to secure Maryland's financial footing to create a stronger, more prosperous state for future generations.

Comptroller Peter Franchot

Comptroller of Maryland

Peter Franchot
Comptroller
Linda L. Tanton
Deputy Comptroller
Len Foxwell
Chief of Staff
Jerome Klasmeier
Assistant Comptroller
Brian L. Oliner, Esquire
Counsel to the Comptroller
Kenneth H. Smith, Director
Administration and Finance Office
Joseph Shapiro, Director
Communications Office
Steven D. Serra, Director
Office of Personnel Services
Robert J. Murphy, Director
Central Payroll Bureau
Sharonne R. Bonardi, Director
Compliance Division
John T. Salmon, Director
Information Technology Division
Jeffrey A. Kelly, Director
Field Enforcement Division
James M. Arnie, Director
Revenue Administration Division
David F. Roose, Director
Bureau of Revenue Estimates

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Priscilla Wicker

Rewarding Maryland Taxpayers

Since assuming office in 2007, I've made it my goal to protect and reward Maryland taxpayers by making my agency more accessible and efficient. Particularly in these tough economic times, Maryland citizens and businesses deserve quick and effective service and a public official looking out for their best interests.

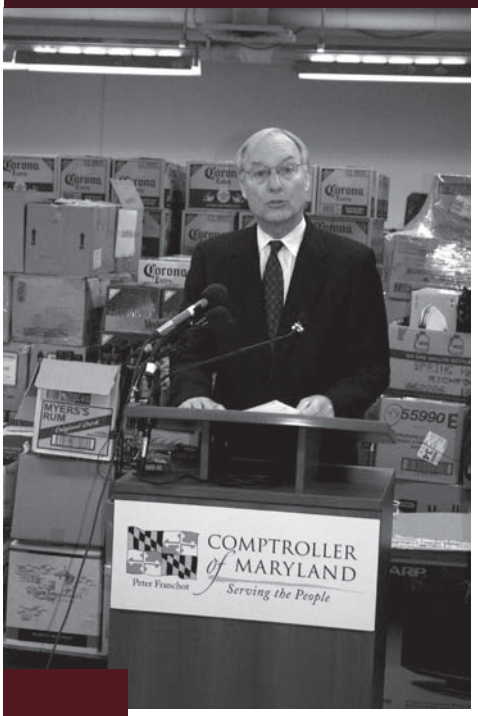
It is our duty and our pleasure to return unclaimed property and funds to their rightful owners through the agency's unclaimed property program. Over the last year, the Comptroller's Office has returned more than $40 million in unclaimed funds to individuals and businesses. By listing accounts on the agency's Web site, publishing the latest names of property holders in local newspapers and attending county fairs and other public events around the state, we've helped reunite 43,000 people with lost money.

In 2009, the Comptroller's Office introduced new customer service initiatives to make paying taxes easier. Businesses can now use the agency's BillPay system to file and pay taxes online. Along with the flagship iFile program for individual taxpayers, Marylanders can file, free of charge through the agency's Web site, **www.marylandtaxes.com**.

I have also been a strong advocate for protecting Marylanders from unscrupulous tax preparers. I led a coalition of consumer groups and activists to create and pass the Maryland Tax Preparers Act. This pro-consumer measure protects taxpayers and gives the state a method of tracking problem preparers. It also helps protect taxpayers from fraudulent and misleading marketing schemes that target the most vulnerable taxpayers in the state.

In the last year, the Comptroller's Office has helped improve people's lives by working with other state and local government agencies. Hoping to increase children's access to health care, the agency worked with the General Assembly, the Governor and the state Department of Health and Mental Hygiene to send out more than 446,000 letters to Marylanders informing them of state health care programs. Additionally, my office worked with Howard County to educate residents about the county's new health care coverage options by sending out more than 21,000 letters to alert families who could qualify for coverage under the new program. Both of these projects were accomplished without compromising taxpayer confidentiality laws.

Tax Fairness Through Enforcement



No one likes paying taxes but we do it because we must in order to support public services and because it's the right thing to do. Over the past year, my office tried to make sure all Marylanders pay their fair share. Through vigorous enforcement of the state's tax laws, we've helped to level the playing field for individual taxpayers and small businesses against tax scofflaws.

In the last three years, the Comptroller's Office has recaptured more than $800 million in delinquent taxes for the state. We used unique partnerships with the federal government and other states to intercept vendor payments and tax refunds to satisfy income tax liabilities. The agency has aggressively cracked down on tax avoidance strategies with numerous legal victories that have led to the collection of hundreds of millions of dollars from major corporations.

The new Modernized Integrated Tax System (MITS), under implementation, is already bringing in millions in delinquent taxes. The centerpiece of my efforts to modernize the agency's resources, MITS is a state-of-the-art data warehousing and tax collection system that will recapture nearly $200 million in revenue as it is phased in over the next four years and then bring in $80-100 million per year in perpetuity.

I am committed to the vigilant enforcement of Maryland's tax laws regarding alcohol, cigarettes and motor fuel. My agency will not tolerate criminals' blatant disregard of Maryland tax laws which protect law-abiding businesses and consumers. For fiscal year 2009, my agents issued 113 cigarette violations, resulting in the confiscation of more than 172,000 packs of contraband cigarettes valued at nearly $1 million. Alcohol violations increased significantly from 2008, with agents confiscating more than 1,000 gallons of illegal liquor and nearly 45,000 containers of untaxed beer. The seized alcohol is valued at roughly $145,000.

To help further expand the efficiency of the agency's enforcement efforts, my agency recently entered into a new Memo of Understanding (MOU) with the Federal Bureau of Alcohol, Tobacco and Firearms (BATF). The MOU provides the Comptroller's agent, who will be deputized by BATF, to work on federal level investigations.

My enforcement agents and collections department staff will continue to strongly enforce Maryland's tax laws and bring in much needed revenue that fund important public programs in the years to come.

Building a Firm Foundation for Maryland

As Comptroller, I'm committed to doing all I can to help Maryland weather the roughest financial storm our nation has experienced since the Great Depression. Helping to secure the state's fiscal future by investing in our future generations is critical to not only surviving the downturn but for building Maryland's future economic foundation.

Educating our young people in financial literacy is one way we can ensure a more prosperous and informed citizenry as well as a more fiscally-secure state. Over the past year, I've visited many Maryland schools which are already empowering students with financial knowledge. These schools have taught their students the importance of paying bills on time, how to balance a checkbook and the value of good credit – skills every adult should have. I believe that all Maryland schools should have mandatory financial literacy curriculum to ensure that our future leaders are educated in these important life skills.

As a member of the Board of Public Works, I continue to work with my colleagues to enforce the state's Minority Business Enterprise (MBE) participation goals. The MBE program is about creating opportunities for all of our state's entrepreneurs, and I believe that is the right thing to do. More importantly, it makes good business sense as it expands the pool of qualified and certified state contractors thus increasing competition and lowering costs.

In these troubled economic times, I believe it's imperative that we take a new approach to how we invest our state workers' money. As vice-chairman of the State Retirement and Pension Systems of Maryland, I've helped initiate a multi-billion asset reallocation that will diversify the system's assets, maximize our long-term return on investment, and reduce our exposure to risk. Working with the state's Emerging Managers program, we are getting the best advice from the brightest fund managers in the financial world and protecting the hard earned dollars of state employees.

By investing in the financial education of our state's youth, supporting Maryland's burgeoning minority business community and taking a new approach to investing we can guarantee a strong economic foundation that can stand up to any future financial winds.

SCVTO BONÆ VOLVNTATIS TVÆ CORONASTI NOS
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for the fiscal year ended June 30, 2009

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INTRODUCTORY SECTION

Peter Franchot
Comptroller

Honorable Members of the General
Assembly and the Governor,
State of Maryland

December 11, 2009

The Comprehensive Annual Financial Report (CAFR) of the State of Maryland (State), for the fiscal year ended June 30, 2009, includes the financial statements of the State as well as information required by Title 2, Section 102 of the State Finance and Procurement Article of the Annotated Code of Maryland. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the Office of the Comptroller.

The statutes of the State require an audit of every unit of the Executive and Judicial branches of government, including the Comptroller of Maryland's records, by the Legislative Auditor at least every three years. The Legislative Auditor is required to be and is a certified public accountant. The Legislative Auditor makes fiscal, compliance and performance audits of the various agencies and departments of the State and issues a separate report covering each of those audits. The primary purpose of the reports is to present the Legislative Auditor's findings relative to the fiscal management of those agencies and departments.

Additionally, my office requires an audit of the State's basic financial statements by a firm of independent auditors selected by an audit selection committee composed of members from the Executive and Legislative branches of State government. This requirement has been complied with, and the opinion of Abrams, Foster, Nole & Williams, P.A., has been included in the financial section of this report. Abrams, Foster, Nole & Williams, P.A. has also performed an audit to meet the requirements of the Office of Management and Budget (OMB) Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations," and such information is contained in another reporting package.

The State has issued guidelines to its agencies for establishing effective internal controls. As a recipient of Federal assistance, the State is responsible for ensuring compliance with laws and regulations related to such assistance. This compliance is accomplished through the internal control guidelines. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

The accompanying financial statements include all funds of the State (primary government), as well as all component units. Component units are legally separate entities for which the primary government is financially accountable. The various colleges and universities, the College Savings Plans of Maryland, and the Maryland Stadium Authority are reported as major component units. The Maryland Environmental Service, the Maryland Industrial Development Financing Authority, the Maryland Food Center Authority and the Maryland Technology Development Corporation are combined and presented as non-major component units.

Accounting principles generally accepted in the United States of America require that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A can be found immediately following the report of the independent public accountants.

Background Information on the State:

Maryland ratified the United States Constitution on April 28, 1788. Its capital is Annapolis, where the principal activities of state government are centered. Its employment is based largely in services, trade and government. These sectors, along with finance, insurance and real estate are the largest contributors to the gross state product. The State has a bicameral legislature, the General Assembly,

composed of the Senate with 47 members and the House of Delegates with 141 members. The General Assembly meets annually for a 90-day session beginning on the second Wednesday in January.

The Maryland Constitution requires the Governor to submit to the General Assembly a balanced budget for the following year. The General Assembly cannot increase the budget except in certain organizational units. The budget currently uses a legally mandated budgetary fund structure. Each State agency is provided appropriations at a program level, which is the level at which expenditures cannot legally exceed the appropriations. The State also utilizes an encumbrance system to serve as a tool for managing available appropriations. Maryland maintains its accounts to conform with the legally mandated budget and also to comply with generally accepted accounting principles. Financial control is generally exercised under the budgetary system.

There is a Spending Affordability Committee which consists of certain designated officers of the General Assembly and other members as may be appointed by the President of the Senate and the Speaker of the House of Delegates. Each year the Committee must submit a report to the General Assembly's Legislative Policy Committee and to the Governor recommending the level of State spending, the level of new debt authorization, the level of State personnel and the use of any anticipated surplus funds.

Also, the General Assembly created a Capital Debt Affordability Committee, the members of which are the Treasurer, the Comptroller, the Secretary of Budget and Management, the Secretary of Transportation, and one person appointed by the Governor. This Committee is required to submit to the Governor by September 10 of each year an estimate of the maximum amount of new general obligation debt that prudently may be authorized. The Committee's recent reports encompass all tax supported debt, including in addition to general obligation debt, bonds issued by the Department of Transportation, bonds issued by the Maryland Stadium Authority and capital lease transactions. Although the Committee's responsibilities are advisory only, the Governor is required to give due consideration to the Committee's finding in preparing a preliminary allocation of new general obligation debt authorizations for the next ensuing fiscal year.

Information on the State's Economic Condition:

Maryland's economy has succumbed to the national recession. Most measures that should be growing are not, and those that should not be are. Maryland unemployment has risen to 7.2% from under 4% just 18 months ago, while over 82,000 jobs have been lost–3.1% of the total. Nationally, unemployment stands at 10.2% while 5.3% of jobs have disappeared. As was the case with the last recession, Maryland has been buffered from the worst effects of this recession, due in part to the disproportionate share of government employment. Nevertheless, this recession is having substantial negative impacts on most if not all aspects of the State's economy.

On a year-over-year basis, Maryland has lost jobs every month since June 2008. In fact, employment growth has generally been decelerating since early 2006. Aside from the perennially-declining manufacturing industry, which is actually losing jobs at a slower pace than during the 2001 recession, the following industries have all shed jobs each of the last twelve months: construction; trade, transportation and utilities; information services; and finance. For the first nine months of calendar year 2009, every industry has lost jobs except two–government and education and health services. Year-to-date, job losses stand at 2.2%. While recent months have shown some stabilization in the rates of decline, it is possible that the labor market has yet to bottom out for many or even all industries.

The current recession has had a much more substantial impact on Maryland than the 2001 recession. In the early 2000s, there were only six months in which Maryland lost jobs (again, on a year-over-year basis), and those months averaged declines of 0.2%. In the current period, the 16 consecutive months of employment declines have averaged of 1.6%. The job losses are now approaching those of the early 1990s; March through October 1991 saw declines of over 3%. The rate of job loss in that period peaked 10 months after the declines began, at 3.9% in August 1991, while growth resumed in the 28th month. As it stands at the moment, job losses peaked at 2.7% in April 2009, 10 months after the declines began. The current employment statistics are subject to revision, however, and in any case it is not clear that there has been substantial improvement since April, as most of the five months since then have seen drops over 2.2%. In the early 1990s, by the fifth month after peak job loss (August 1991), the rate of loss had dropped by two percentage points.

With sustained job losses, Maryland personal income has suffered. In the second quarter of 2009, wage income in the State dropped 1.7% while total personal income grew just 0.7%, the worst performance for both since the first quarter of 1958. Ad-

justed for inflation, however, the early 1990s were slightly worse–so far. One major factor that does make this a more troubling period is the substantial decline in capital gains in 2008, and probably 2009 as well. While final figures will not be available until early 2010, it appears that capital gains (which are not included in personal income statistics) fell by about 66% in 2008, exceeding the 52% drop in 2001 and well in excess of any other decline. Furthermore, since the late 1990s capital gains have averaged 4.2% of total personal income, while in the years prior they were less than half that, at 1.6% of total personal income. So the record drop in capital gains had a much more substantial impact on Marylanders' income than any time in the past. And, through the wealth effect, it has been a major factor restricting consumer spending.

More erosion of Marylanders' wealth is occurring in the housing market. The median sales price of existing homes has fallen 26 consecutive months, with six of the last 11 months falling by double-digits. The median sales price is now at levels last seen in early 2005. Falling prices, though bad for homeowners and particularly bad for those who want to sell their home, are necessary to bring the market back into equilibrium. That process is underway, as existing home sales have picked up, growing each of the last six months. With one exception, sales declined every month from October 2005 through April of this year. The active inventory of homes for sale, though still at relatively high levels, has fallen 15% from its peak. Though a long way from completion, and though home prices are likely to fall further, it does appear that the recovery of the housing market has begun.

Maryland's economic situation is most certainly not unique. While some factors may be more severe in Maryland than most other states, such as falling home prices, and others may be less severe, such as the unemployment rate and job losses, the recession is affecting consumers and employers in generally the same fashion here as elsewhere. And, as is the case in most other states, it appears that recovery is not right around the corner. Employment in both the State and nation is expected to continue to decline well into 2010. The continuing job losses will continue to be a drag on consumer confidence and consumer spending, and hence will delay the onset of recovery. Only when employers begin to add jobs will the economy resume stable growth.

Major Initiatives and Long Term Financial Planning:

The budget challenge has required the State to examine all governmental activities to find efficiencies and low priority spending. Overall budget growth for the general fund will decrease by 1.3% in fiscal year 2010 compared to fiscal year 2009, while budget growth for all funds will increase by 2.3%. Long term planning includes using general obligation bonds to pay for projects, such as the Intercounty Connector and replacement of the Medevac helicopters, which previously had been planned to be paid with subsidies from the general fund.

Priorities have been placed on funding for Medicaid, Temporary Cash Assistance, food stamps and energy assistance. In July 2008, the State began implementation of the Working Families and Small Business Health Coverage Act which expands Medicaid coverage and provides health insurance premium subsidies for small businesses. Also, Maryland continues its commitment to funding public school education. The 2010 budget provides $5.4 billion in local education aid and $260.3 million for public school construction. It provides funding for higher education to maintain the "tuition freeze" for in-state undergraduates at Maryland's 4-year higher education institutions. Other priorities include strengthening Maryland's infrastructure for economic development, particularly for biotechnology and preserving the State's land and the Chesapeake Bay.

Over the next ten years the State will invest $1.3 billion in its biotechnology industry. The "Bio 2020" initiative is the largest per capita investment in biotechnology made by any state in the nation. The State continues to plan for the significant growth from the Base Realignment and Closure (BRAC) process which is expected to create 60,000 new jobs and move 28,000 families to Maryland.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the State of Maryland for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2008. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The State of Maryland has received a Certificate of Achievement for the last 29 consecutive years (fiscal years ended 1980-2008). We believe that our current comprehensive annual financial report continues to conform to the Certificate of Achievement Program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of the Comprehensive Annual Financial Report on a timely basis could not have been accomplished without the efforts and dedication of the staff of the General Accounting Division with assistance from other personnel from the various departments and agencies of the State.

I will be pleased to furnish additional information on the State's finances upon request.

Sincerely,

Peter Franchot,
Comptroller of Maryland

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STATE OF MARYLAND
Comprehensive Annual Financial Report

FINANCIAL SECTION

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Certified Public Accountants

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and Maryland Association of Certified Public Accountants

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

The Honorable Peter Franchot
Comptroller of Maryland

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Maryland (the State), as of and for the year ended June 30, 2009, which collectively comprise the State's basic financial statements as listed in the table of contents. These financial statements, schedules and supplementary information are the responsibility of the State's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We did not audit the financial statements of (1) certain Economic Development-Loan Programs; (2) Unemployment Insurance Program; (3) Maryland State Lottery Agency; (4) Maryland Transportation Authority; (5) Economic Development Insurance Programs; (6) certain foundations included in the higher education component unit; (7) Maryland Environmental Service; (8) Maryland Food Center Authority; (9) Maryland Technology Development Corporation; (10) Investment Trust Fund; and (11) Deferred Compensation Plan, which represent the percentages of the assets, net assets, and operating revenues or contributions of the opinion listed below.

	Percentage of Opinion Unit		
	Total Assets	Total Net Assets	Total Operating Revenues/ Contributions
Business-Type Activities			
Economic Development - Loan Programs	46.78 %	39.44 %	8.82 %
Unemployment Insurance Program	5.50	10.92	15.60
Maryland State Lottery Agency	2.52	0.53	60.22
Maryland Transportation Authority	42.34	43.37	13.25
Economic Development Insurance Programs	1.00	1.83	0.09
Total percentage of business-type activities	98.14	96.09	97.98
Component Units			
Major -			
Higher Education Foundations	12.48	14.93	2.14
Non-Major -			
Maryland Environmental Service	1.27	0.34	3.41
Maryland Food Center Authority	0.30	0.44	0.13
Maryland Technology Development Corporation	0.34	0.09	0.66
Total percentage of component units	14.39	15.80	6.34
Fiduciary Funds			
Investment Trust Fund	6.14	7.60	72.88
Deferred Compensation Plan	4.65	5.79	2.68
Total percentage of fiduciary funds	10.79	13.39	75.56

Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the above-mentioned funds and component units, is based on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of the other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State, as of June 30, 2009, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and required supplementary information as listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We and the other auditors have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the State's basic financial statements. The combining financial statements and schedules, introductory section, statistical sections and financial schedules required by law, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining financial statements and schedules have been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion, based on our audit and the reports of the other auditors, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections of this report and the financial schedules required by law have not been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Ahrens, Fosth, Hale & Williams, P.A.

Hunt Valley, Maryland
December 11, 2009

STATE OF MARYLAND

Management's Discussion and Analysis

Management of the State of Maryland provides this narrative overview and analysis of the financial activities of the State for the fiscal year ended June 30, 2009. Please read it in conjunction with the Comptroller's letter of transmittal, which can be found in the Introductory Section of this report and the State's financial statements which follow this section.

Financial Highlights

Government–wide

- Maryland reported net assets of $14.5 billion in fiscal year 2009 and $17.4 billion in fiscal year 2008.
- Of the net assets in fiscal year 2009, a deficit balance of $3.7 billion was reported as total unrestricted net assets, which includes a $5.2 billion deficit balance in governmental activities and a $1.5 billion balance in business-type activities.
- The State's total net assets decreased by $2.9 billion as a result of this year's operations. The net assets for governmental activities decreased by $2.5 billion (21.4%). Net assets of business-type activities decreased by $312 million (5.7%).
- The State's governmental activities had total expenses of $28.5 billion, total revenues of $25.5 billion and net transfers from business-type activities of $461 million for a net decrease of $2.5 billion.
- Business-type activities had total expenditures of $3.2 billion, program revenues of $3.3 billion, and transfers out of $461 million for a net decrease in net assets of $312 million.
- Total State revenues were $28.8 billion, while total costs for all programs were $31.7 billion.

Fund Level

- Governmental funds reported a combined fund balance of $2.0 billion, a decrease of $1.3 billion (40.0%) from the prior year.
- The General Fund reported an unreserved fund balance of $147 million and a reserved fund balance of $1.4 billion, compared to an unreserved fund balance of $1.5 billion and a reserved fund balance of $1.4 billion last year. This represents a net decrease of $1.4 billion in General Fund, fund balance. The total unreserved fund balance in the governmental funds was $42 million, compared to the unreserved fund balance of $1.4 billion in the prior year.
- Governmental funds reported a total reserved fund balance of $1.9 billion in 2009, compared to $1.9 billion in the prior year.

Long-term Debt

- Total bonds and obligations under long-term leases at year end was $14.0 billion, a net increase of $1.0 billion (7.9%) over the prior year.
- $911 million General Obligation Bonds of which, $66 million were refunding bonds, and $390 million Transportation Bonds were issued during the year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the State of Maryland's basic financial statements. The State's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains additional required supplementary information and other supplementary information in addition to the basic financial statements.

Government-wide Financial Statements (Reporting the State as a Whole)

The government-wide financial statements provide a broad overview of the State's operations in a manner similar to a private-sector business. The statements provide both short-term and long-term information about the State's financial position, which assists readers in assessing the State's economic condition at the end of the fiscal year. The statements include all fiscal year revenues and expenses, regardless of whether cash has been received or paid. The government-wide financial statements include the following two statements.

The *Statement of Net Assets* presents all of the State's assets and liabilities, with the difference between the two reported as "net assets". Over time, increases and decreases in the State's net assets may serve as a useful indicator of whether the financial position of the State is improving or deteriorating.

The *Statement of Activities* presents information showing how the State's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods (such as uncollected taxes and earned but unused vacation leave). This statement also presents a comparison between direct expenses and program revenues for each function of the State.

The above financial statements distinguish between the following three types of state programs or activities:

Governmental Activities - The activities in this section are typically supported by taxes and intergovernmental revenues, i.e., federal grants. Most services normally associated with State government fall into this category, including the Legislature, Judiciary and the general operations of the Executive Department.

Business-Type Activities – These functions normally are intended to recover all or a significant portion of their costs through user fees and charges to external users of goods and services. These business-type activities of the State include insurance and loan programs for economic development, the Unemployment Insurance Program, the Lottery, the Transportation Authority and Maryland Correctional Enterprises, a program which constructs office furnishings utilizing the prisons' inmate population.

Discretely Presented Component Units – The government-wide statements include operations for which the State has financial accountability, but are legally separate entities. Financial information for these component units is reported separately from the financial information presented for the primary government. The component unit activities include Higher Education, the College Savings Plans of Maryland, the Maryland Stadium Authority and other non-major proprietary activities. All of these entities operate similarly to private sector business and to the business-type activities described above. The component unit Higher Education consists of the University System of Maryland, Morgan State University, St. Mary's College and Baltimore City Community College and certain affiliated foundations. The non-major component units include the Maryland Food Center Authority, Maryland Environmental Service, Maryland Industrial Development Financing Authority and the Maryland Technology Development Corporation.

Complete financial statements of the individual component units can be obtained from the Comptroller of Maryland, LLG Treasury Building, Annapolis, Maryland 21404.

This report includes two schedules (pages 29 and 31) that reconcile the amounts reported on the governmental fund financial statements (modified accrual accounting) with governmental activities (accrual accounting) on the government-wide statements. The following summarizes the impact of transitioning from modified accrual to accrual accounting:

- Capital assets used in governmental activities are not reported on governmental fund statements.
- Certain tax revenues that are earned and other assets that are not available to pay for current period expenditures are deferred in governmental fund statements, but are recognized on the government-wide statements.
- Deferred bond issuance costs are capitalized and amortized on the government-wide statements, but reported as expenditures in governmental funds.

- Unless currently due and payable, long-term liabilities, such as capital lease obligations, compensated absences, litigation, and bonds and notes payable, only appear as liabilities in the government-wide statements.

- Capital outlays result in capital assets on the government-wide statements, but are reported as expenditures on the governmental fund statements.

- Bond and note proceeds result in liabilities on the government-wide statements, but are recorded as other financing sources on the governmental fund statements.

- Certain other transactions represent either increases or decreases in liabilities on the government-wide statements, but are reported as expenditures on the governmental fund statements.

The government-wide financial statements can be found on pages 24-27 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The State, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The State's funds can be divided into three categories: governmental, enterprise, and fiduciary. Each of these categories uses a different accounting approach.

Governmental funds – Most of the basic services provided by the State are financed through governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental fund financial statements focus on near-term inflows and outflows of spendable resources and on the balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the State's near-term financing requirements. These statements provide a detailed short-term view of the State's finances that assists in determining whether there will be adequate financial resources available to meet the current needs of the State.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the State's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations are presented on the pages immediately following the governmental funds financial statements.

The State maintains five governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund and the Department of Transportation-special revenue fund, both of which are considered to be major funds. Data from the remaining three governmental funds are combined into a single, aggregated presentation. Data for the non-major governmental funds, namely, the debt service fund for general obligation bonds, the debt service fund for transportation revenue bonds and the capital projects fund, is provided in the form of combining statements elsewhere in this report. These funds are reported using modified accrual accounting, which measures cash and all other assets which can be readily converted to cash. The basic governmental funds financial statements can be found on pages 28 and 30 of this report.

Enterprise funds – Enterprise funds are used to show activities that operate similar to activities of commercial enterprises. These funds charge fees for services provided to outside customers including local governments. Enterprise funds provide the same type of information as the government-wide financial statements, only in more detail. There is no reconciliation needed between the government-wide financial statements for business-type activities and the enterprise fund financial statements because they both utilize accrual accounting, the same method used for businesses in the private sector.

The State has six enterprise funds, four of which are considered to be major enterprise funds. These funds are: Economic Development Loan Programs, the Unemployment Insurance Program, the Lottery Agency and the Transportation Authority. Data

for the non-major enterprise funds, Economic Development - Insurance Programs and Maryland Correctional Enterprises, are combined into a single aggregated presentation. Individual fund data for these non-major enterprise funds is provided in the form of combining statements elsewhere in this report.

The basic enterprise funds financial statements can be found on pages 34 - 38 of this report.

Fiduciary funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the state government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of these funds are restricted in purpose and are not available to support the State's own programs. Fiduciary funds use accrual accounting.

The State's fiduciary funds include the Pension and Other Employee Benefits Trust Funds (Pension Trust), the Investment Trust Fund, the Postretirement Health Benefits Trust Fund (OPEB Trust) and Agency Funds. The Pension and Other Employee Benefits Trust Funds consist of the Retirement and Pension System, the Maryland Transit Administration Pension Plan and the Deferred Compensation Plan. The Postretirement Health Benefits Trust Fund accumulates funds to assist with the costs of the State's postretirement health insurance subsidy. The Investment Trust Fund accounts for the transactions, assets, liabilities and fund equity of an external investment pool. Agency funds account for the assets held for distribution by the State as an agent for other governmental units, organizations or individuals. Individual fund detail for the fiduciary funds can be found in the combining financial statements.

The basic fiduciary funds financial statements can be found on pages 39 - 40 of this report.

Combining Financial Statements, Component Units – The government-wide financial statements present information for the component units in a single aggregated column in the Statement of Net Assets and the Statement of Activities. Combining Statement of Net Assets and Combining Statement of Activities have been provided for the Component Unit Proprietary Funds and provide detail for each major proprietary component unit, with a combining column for the non-major component units. Individual financial statement information for the non-major component units is provided elsewhere in this report.

The combining financial statements for the component units can be found on pages 42 - 44 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and the fund financial statements. The notes to the financial statements can be found on pages 46 - 97 of this report.

Required Supplementary Information

The required supplementary information includes budgetary comparison schedules for the budgetary general, special revenue and federal funds, along with a reconciliation of the statutory and Accounting Principles Generally Accepted in the United States of America (GAAP) General and Special Revenue Fund, fund balances at fiscal year end. This report also presents certain required supplementary information concerning the State's progress in funding obligations to provide pension benefits and other post-employment benefits and includes a footnote concerning budgeting and budgetary control. Required supplementary information immediately follows the notes to the financial statements.

Other Supplementary Information

Combining Financial Statements

The combining financial statements referred to earlier in connection with non-major governmental, enterprise, and fiduciary funds and non-major component units are presented immediately following the required supplementary information.

Government-Wide Financial Analysis

The State's combined net assets (government and business-type activities) totaled $14.5 billion at the end of 2009 and $17.4 billion at the end of 2008.

Net Assets as of June 30,

(Expressed in Millions)

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Current and other assets	$ 5,342	$ 6,348	$ 8,053	$ 8,569	$ 13,395	$ 14,917
Capital assets	19,265	18,812	3,207	2,428	22,472	21,240
Total assets	24,607	25,160	11,260	10,997	35,867	36,157
Long-term liabilities	11,369	9,478	5,375	5,027	16,744	14,505
Other liabilities	3,882	3,601	697	612	4,579	4,213
Total liabilities	15,251	13,079	6,072	5,639	21,323	18,718
Net assets:						
Invested in capital assets, net of related debt	14,381	14,267	1,368	1,685	15,749	15,952
Restricted	127	88	2,321	2,423	2,448	2,511
Unrestricted	(5,152)	(2,274)	1,499	1,258	(3,653)	(1,024)
Total net assets	$ 9,356	$ 12,081	$ 5,188	$ 5,358	$ 14,544	$ 17,439

The largest portion of the State's net assets, $15.7 billion, reflects investment in capital assets such as land, buildings, equipment and infrastructure, less any related debt to acquire those assets that is still outstanding. The State uses these capital assets to provide services to citizens. Consequentially, these assets are not available for future spending. Although the State's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

In addition, a portion of the State's net assets, $2.4 billion, represents resources that are subject to external restrictions or enabling legislation on how they may be used. The remaining balance for unrestricted net assets, a deficit of $3.7 billion, reflects the State's deficit of remaining assets to remaining liabilities.

The following condensed financial information was derived from the government-wide Statement of Activities and reflects how the State's net assets changed during the fiscal year.

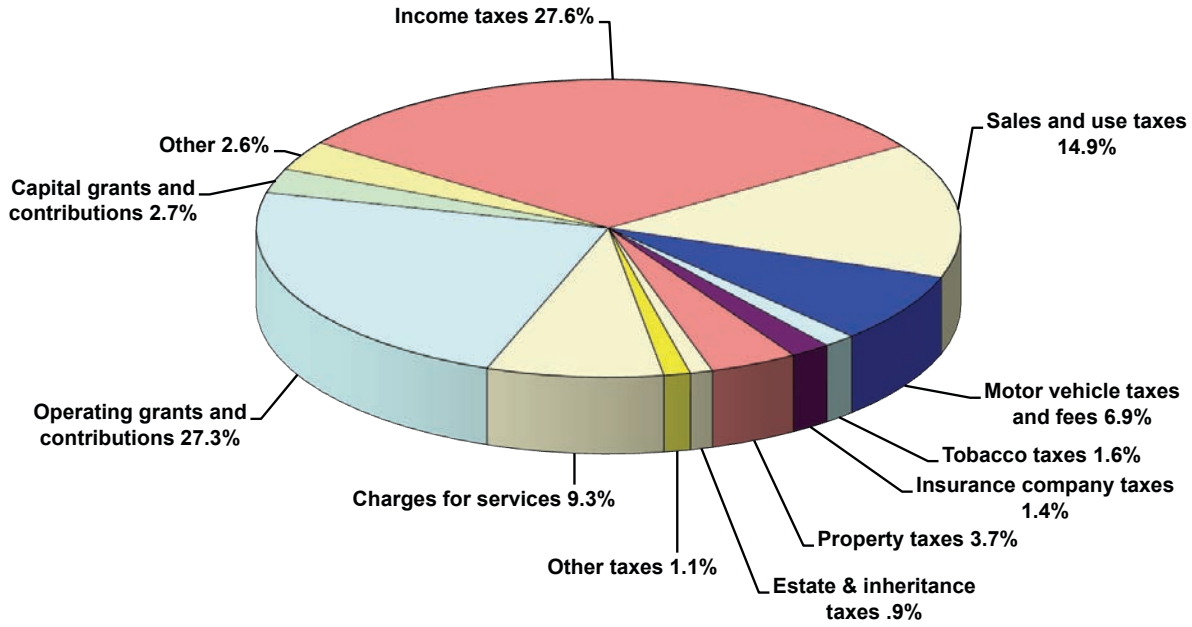
Changes in Net Assets

For the Year Ended June 30,

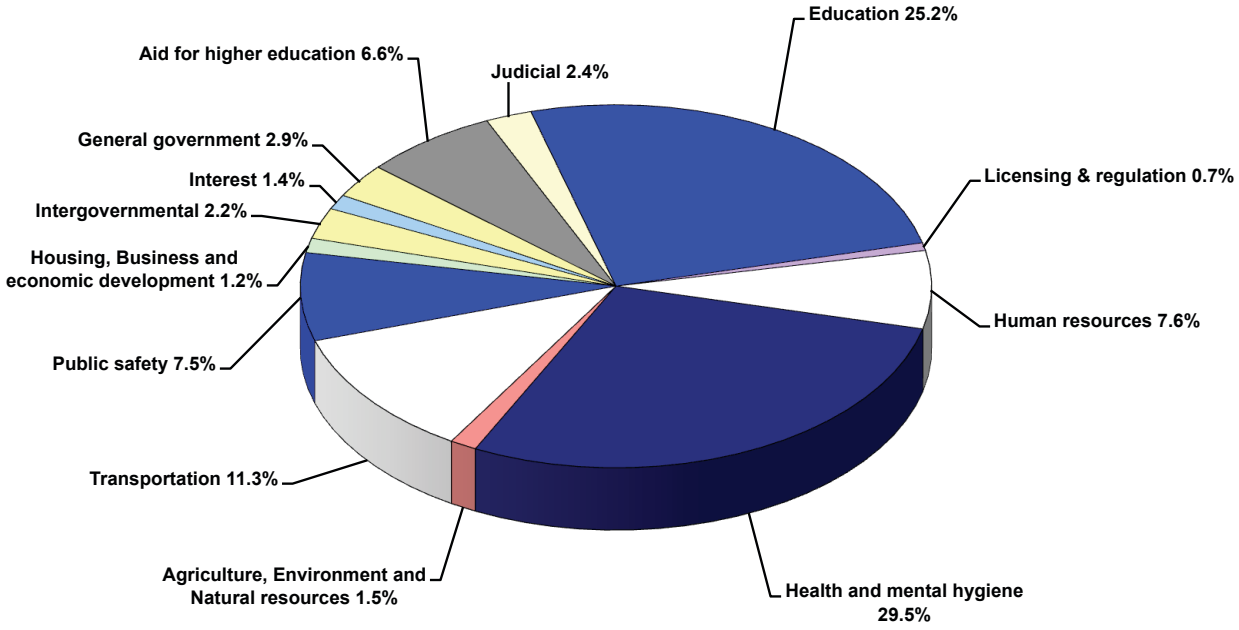
(Expressed in Millions)

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Revenues:						
Program revenues:						
Charges for services	$ 2,405	$ 2,067	$ 2,932	$ 2,886	$ 5,337	$ 4,953
Operating grants and contributions	7,080	5,925	391	58	7,471	5,983
Capital grants and contributions	692	677			692	677
General revenues:						
Income taxes	7,168	7,886			7,168	7,886
Sales and use taxes	3,857	3,749			3,857	3,749
Motor vehicle taxes	1,787	1,920			1,787	1,920
Tobacco taxes	406	376			406	376
Insurance company taxes	369	469			369	469
Property taxes	969	1,027			969	1,027
Estate & inheritance taxes	230	262			230	262
Other taxes	293	311			293	311
Unrestricted investment earnings	203	345	18	26	221	371
Total revenues	25,459	25,014	3,341	2,970	28,800	27,984
Expenses:						
General government	836	815			836	815
Health and mental hygiene	8,399	7,649			8,399	7,649
Education	7,173	6,835			7,173	6,835
Aid for higher education	1,878	1,851			1,878	1,851
Human resources	2,163	1,860			2,163	1,860
Public safety	2,134	2,100			2,134	2,100
Transportation	3,203	3,054			3,203	3,054
Judicial	682	634			682	634
Labor, licensing and regulation	204	186			204	186
Natural resources and recreation	219	180			219	180
Housing and community development	248	248			248	248
Environment	124	108			124	108
Agriculture	95	82			95	82
Business and economic development	95	98			95	98
Intergovernmental grants	625	742			625	742
Interest	390	352			390	352
Economic development insurance programs			9	5	9	5
Economic development loan programs			285	254	285	254
Unemployment insurance program			1,330	544	1,330	544
State Lottery			1,207	1,133	1,207	1,133
Transportation Authority			308	326	308	326
Maryland Correctional Enterprises			53	47	53	47
Total expenses	28,468	26,794	3,192	2,309	31,660	29,103
Increase in net assets before transfers and special items	(3,009)	(1,780)	149	661	(2,860)	(1,119)
Transfers and special items	461	478	(461)	(478)		0
Change in net assets	(2,548)	(1,302)	(312)	183	(2,860)	(1,119)
Net assets - beginning (as restated)	11,904	13,383	5,500	5,175	17,404	18,558
Net assets - ending	$ 9,356	$ 12,081	$ 5,188	$ 5,358	$ 14,544	$ 17,439

2009 REVENUES BY SOURCE - GOVERNMENTAL ACTIVITIES



2009 EXPENDITURES BY FUNCTION - GOVERNMENTAL ACTIVITIES



Governmental Activities

Comparing current year activities to the prior year discloses that revenues increased by $445 million or 1.8%, while expenses increased by $1.7 billion or 6.2%. The revenue increase was primarily due to an increase of $1.2 billion or 19.5% in operating grants, while income taxes decreased by $718 million or 9.1%, sales and use taxes increased by $108 million or 2.9%, and all other taxes had a net decrease of $311 million or 7.1%. The increase was also offset by a $142 million decrease in unrestricted investment earnings. The increase in expenses was primarily due to increases of $750 million or 9.8% in health care programs, $365 million or 4.2% for education and $303 million or 16.3% for human resources. In addition, the beginning net assets balance for governmental activities was restated by a decrease of $177 million to reflect the State's recognition of pollution remediation obligations.

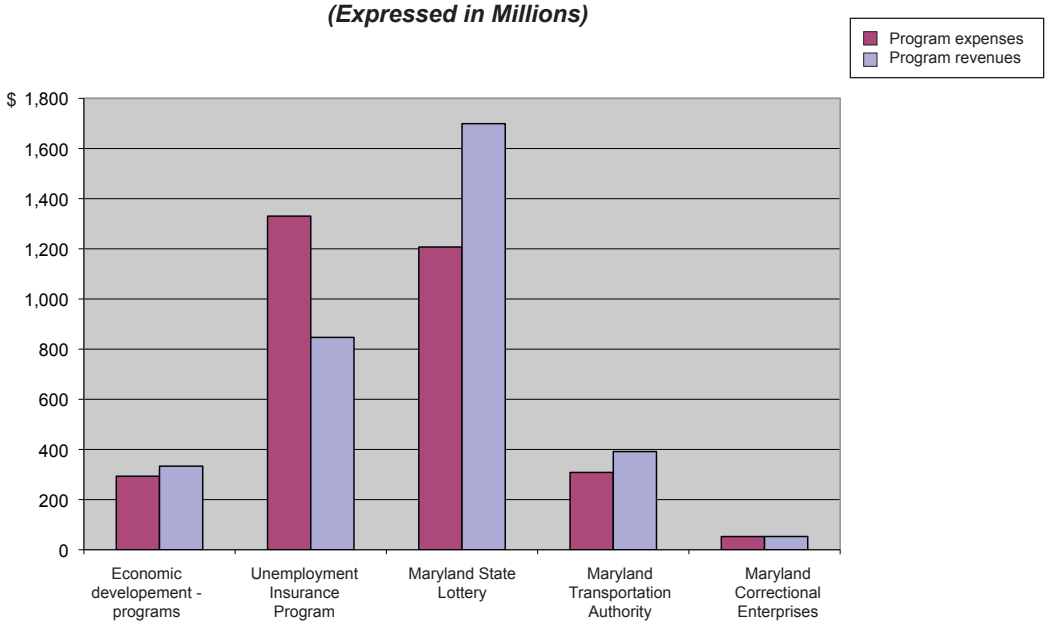
The increase in operating grants was primarily due to an increase in federal revenues for medical care costs and temporary assistance programs in human resources, while the decrease in taxes was primarily due to the declining economy nationwide.

Business-type Activities

Business-type activities increased the State's net assets by $149 million before transfers of $461 million to governmental activities, for an overall deficit in net assets of $312 million. The increase compares to an increase of $661 million before transfers of $478 million in the prior year. Key elements of this decrease are as follows:

- The change in net assets for the Unemployment Insurance Program was a decrease of $486 million compared to a decrease of $101 million in the prior year. Operating activities produced a deficit of $890 million compared to the prior year's operating deficit of $153 million. While the Program had an increase of $49 million (12.5%) in charges for services from the prior year, the benefit payments increased $786 million (144.5%) over the prior year due to the high increase in the number of Marylanders collecting unemployment benefits. In addition, the Program, in accordance with federal regulations, transferred $2.7 million to the governmental funds.
- Economic Development Loan Programs had an increase of $54 million (2.5%) in net assets compared to an increase of $128 million in the prior year. The difference between years is due to increased non-operating expenses, primarily interest expense and decreased federal grant revenue and transfers from the general fund.
- Lottery ticket sales were $1.7 billion, an increase of $25 million (1.5%) over last year. Operating expenses increased by $74 million and transfers to the governmental funds decreased to $493 million in 2009, from $529 million in 2008, a decrease of 6.8%. The Lottery received $39.5 million in license fees from applicants applying for a Video Terminal (VLT) license, pursuant to legislation enacted in 2007 relating to the legalization of video lottery terminals.

Expenses and Program Revenues - Business-type Activities
(Expressed in Millions)



Financial Analysis of the State's Funds

As of the end of the current fiscal year, the State's governmental funds reported a combined fund balance of $2.0 billion, a decrease of $1.3 billion from the prior year. The combined fund balance includes a deficit of $105 million in unreserved, undesignated for governmental funds and $147 million in unreserved, designated fund balance for the General Fund. In addition, it includes a fund balance of $167 million in unreserved, undesignated fund balance for the special revenue fund and a deficit of $271 million for the other governmental funds. The remainder of the fund balance is reserved because it has been committed to: 1) liquidate contracts and purchase orders of the prior period, ($649 million); 2) fund prepaid and inventory items, ($548 million); 3) restrict revenues, ($6 million); and 4) reserve for various loans, construction projects, and debt service, ($32 million). In addition, $702 million of the reserved fund balance is in the "State Reserve Fund," and is set aside to meet future financial needs. By law, the governor must appropriate to the State Reserve Fund, the General Fund surplus of the second preceding fiscal year that exceeds $10,000,000. The unreserved General Fund, fund balance, plus the amount in the State Reserve Fund, is approximately 3.0% of the total annual expenditures in governmental funds, compared with 8.2% for the prior year.

General Fund

The General Fund is the major operating fund of the State. At the end of the current fiscal year, the unreserved, designated, fund balance of the General Fund was $147 million, while total fund balance reached $1.5 billion. The fund balance of the State's General Fund decreased by $1.4 billion during 2009, compared to a decrease of $373 million for 2008. The reason for the decrease in General Fund, fund balance is due to continued increases in expenditures, $1.4 billion (6.3%), greater than increases in revenues, $449 million (2.1%).

Revenues increased by $449 million over the prior year, primarily due to increases in federal revenues of $1.2 billion (20.0%) and sales and use taxes, $103 million (2.7%), despite revenue decreases for income taxes of $713 million (9.1%), property taxes, $142 million (35.6%), and insurance company taxes, $99.7 million (21.2%). In addition, fiscal year 2009 income tax revenues were increased by $366 million due to legislation which transferred cash set aside in the agency fund, the Local Reserve Account, to the General Fund, and required the counties to fund the receivable over a ten year period starting in fiscal year 2013.

General Fund expenditures increased by $1.4 billion. Expenditures for education, health and mental hygiene and human resources increased by $291 million (3.6%), $749 million (9.9%) and $301 million (17.1%), respectively. These increases were the result of continued increased funding for education, and continued increases in Medicaid costs and funding for food stamps and temporary assistance due to the worsening economy.

Transfers out from the General Fund were $475 million this year compared to $441 million for the prior year. This increase was due primarily to an increase of $183 million in transfers to the Department of Transportation combined with a decrease of $132 million for Program Open Space and other capital projects.

Special Revenue Fund

The Maryland Department of Transportation special revenue fund accounts for resources used for operation of the State's transportation activities, not including debt service and pension activities. The fund balance of the Department's special revenue fund was $329 million as of June 30, 2009, an increase of $179 million (118.9%) from the prior fiscal year. This increase was primarily due to an increase in other financing sources of $321 million. The increase in other financing sources was primarily due to increased bonds issued and transfers from the general fund.

Budgetary Highlights

General Fund

Differences between the original budget and final amended budget, and the final budget and actual expenditures for the year are summarized as follows. The budgetary schedule may be found in the Required Supplementary Information Section.

Overall, the change between the original and final General Fund budget was a decrease of $687 million or (4.5%). The Department of Health and Mental Hygiene appropriations decreased by $478 million primarily because the general fund appropriation was supplemented by federal funds for additional projects from the American Recovery and Reinvestment Act (ARRA). There was a decrease in the Department of Budget and Management appropriations of $77 million which was primarily due to the reallocation of the original appropriation for salary cost of living adjustments from that department to the affected State agencies, with no effect on the overall appropriations, and to cost containment reductions for Major Information Technology Projects. In addition, there were cost containment reductions due to reduced revenue estimates throughout all functions of the general fund budget.

The difference between the final budget, $14.5 billion and actual expenditures, $14.4 billion, was $190 million or 1.3%. Of this amount, $53 million was returned to the General Fund, and the remaining $137 million was encumbered for future spending. The variance was primarily due to the cancellation of current and prior year encumbrances. Appropriations were cancelled primarily for Legislative, Judicial, Executive, Education and Business and economic development functions.

Capital Asset and Debt Administration

Capital assets

At June 30, 2009, the State had invested $22.5 billion (net of accumulated depreciation) in a broad range of capital assets (see table below). Depreciation expense for the fiscal year totaled $1.0 billion ($993 million for governmental activities and $48 million for business-type activities). The increase in the State's investment in capital assets, net of depreciation expense, for the current fiscal year was $1.2 billion, ($452 million for governmental activities and $780 million for business-type activities).

Capital Assets as of June 30,

(Net of Depreciation, Expressed in Millions)

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Land and improvements	$ 2,995	$ 2,877	$ 396	$ 305	$ 3,391	$ 3,182
Art and historical treasures	28	28			28	28
Structures and improvements	3,541	3,529	24	27	3,565	3,556
Equipment	788	806	30	12	818	818
Infrastructure	8,457	8,357	1,376	1,526	9,833	9,883
Construction in progress	3,456	3,216	1,381	557	4,837	3,773
Total	$ 19,265	$ 18,813	$ 3,207	$ 2,427	$ 22,472	$ 21,240

Major capital asset events during the current fiscal year for governmental activities include continued widening and/or expansion of existing highways and bridges, and various transit, port and motor vehicle administration construction projects; the preservation of agricultural and open space land through the purchase of easements; the construction of new buildings for the district court and Office of the Medical Examiner; improvements to the statewide telecommunications network; energy efficiency improvements in State buildings; and building improvements in State prisons and hospitals. Elements of the increases in capital assets of business-type activities include the Inter-County Connector and electronic toll lane projects, which resulted in increases in land and improvements and construction in progress, and the restoration of existing facilities.

Additional information on the State's capital assets can be found in footnote 10 of this report.

Long-term debt

The State is empowered by law to authorize, issue and sell general obligation bonds, which are backed by the full faith and credit of the State. The State also issues dedicated revenue bonds for the Department of Transportation and various business-type activities. The payment of principal and interest on revenue bonds comes solely from revenues received from the respective activities. This dedicated revenue debt is not backed by the State's full faith and credit.

At June 30, 2009, the State had outstanding bonds totaling $12.9 billion. Of this amount $5.9 billion were general obligation bonds, backed by the full faith and credit of the State. The remaining $7.0 billion was secured solely by the specified revenue sources.

Outstanding Bond Debt as of June 30,

(Expressed in Millions)

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
General Obligation Bonds (backed by the State)	$ 5,874	$ 5,494			$ 5,874	$ 5,494
Transportation Bonds (backed by specific revenues)	1,583	1,269			1,583	1,269
Revenue Bonds (backed by specific revenues)			$ 5,423	$ 5,041	$ 5,423	5,041
Total	$ 7,457	$ 6,763	$ 5,423	$ 5,041	$ 12,880	$ 11,804

The total increase in bonded debt in the current fiscal year was $1.1 billion ($380 million increase related to general obligation bonds, and $314 and $382 million increase related to transportation and revenue bonds, respectively). The State's general obligation bonds are rated Aaa by Moody's and AAA by Standard and Poors and Fitch. During fiscal year 2009, the State issued general obligation debt totaling $911 million at a premium of $74 million. Of this amount, $66 million and related premium of $4 million was for refunding bonds. On August 18 and November 3, 2009, (fiscal year 2010), the State issued general obligation bonds aggregating $685 million for capital improvements.

State law limits the amount of Consolidated Transportation Bonds, dedicated revenue debt that may be outstanding as of June 30 to the amount authorized in the budget, and this amount may not exceed $2.6 billion. The aggregate principal amount of these bonds that was authorized to be outstanding as of June 30, 2009, was $1.6 billion. The actual amount in Consolidated Transportation Bonds outstanding was $1.6 billion.

Additional information on the State's long-term debt can be found in footnote 11 of this report.

Economic Factors and Next Year's Budget

Maryland's economy has encountered a significant slow down in its revenues due to national and regional economic trends. Maryland is facing a cyclical economic downturn as are states across the nation. Maryland has seen deterioration in its key economic indicators. However, the State has maintained a fiscally responsible balanced budget. The fiscal year 2010 budget has been reduced by $1 billion to address the downturn in the economy which has resulted in reduced tax and other general fund revenues. Even though the short-term economic outlook for the State has worsened, medium to long-term growth in the Maryland economy is expected to accelerate due to its highly educated workforce, its public and private research facilities, significant economic activity in business services, technology, the government sector and to BRAC related military relocations in the State. It is unclear, however, how quickly such acceleration will occur.

Requests for Information

This financial report is designed to provide a general overview of the State's finances for all those with an interest in the State's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the General Accounting Division, Office of the Comptroller, P.O. Box 746, Annapolis, Maryland 21404.

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STATE OF MARYLAND
Comprehensive Annual Financial Report

BASIC FINANCIAL STATEMENTS

STATE OF MARYLAND
Statement of Net Assets
June 30, 2009
(Expressed in Thousands)

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and cash equivalents	$ 249,554	$ 16,055	$ 265,609	$ 94,243
Equity in pooled invested cash	1,680,014	720,853	2,400,867	1,239,658
Investments	100,392	434,929	535,321	486,221
Endowment investments				169,385
Foundation investments				720,721
Inventories	105,543	15,163	120,706	12,398
Prepaid items	442,388		442,388	5,862
Deferred charges	13,608		13,608	4,756
Taxes receivable, net	910,426		910,426	
Intergovernmental receivables	1,100,879		1,100,879	
Tuition contracts receivable				224,242
Due from primary government				3,264
Due from component units	921		921	
Other accounts receivable	524,729	175,791	700,520	439,658
Loans and notes receivable, net	19,999	584,854	604,853	77,522
Investment in direct financing leases		423,948	423,948	250,407
Other assets	5,223	34,228	39,451	24,249
Collateral for lent securities	131,122		131,122	
Restricted assets:				
Cash and cash equivalents	55,813	1,381,417	1,437,230	166,880
Investments	1,430	1,032,537	1,033,967	24,334
Deferred charges		16,359	16,359	
Loans and notes receivable, net		3,158,690	3,158,690	
Other		58,054	58,054	26
Capital assets, net of accumulated depreciation:				
Land	2,995,298	395,850	3,391,148	157,634
Art and historical treasures	27,795		27,795	384
Structures and other improvements	3,540,837	24,497	3,565,334	3,249,579
Equipment	788,144	29,579	817,723	395,222
Infrastructure	8,457,440	1,375,661	9,833,101	181,066
Construction in progress	3,455,728	1,381,193	4,836,921	487,952
Total capital assets	19,265,242	3,206,780	22,472,022	4,471,837
Total assets	24,607,283	11,259,658	35,866,941	8,415,663

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Liabilities				
Salaries payable	159,177		159,177	99,531
Vouchers payable	439,932		439,932	
Accounts payable and accrued liabilities	1,667,714	363,532	2,031,246	191,637
Internal balances	(52,043)	52,043		
Due to component units	3,264		3,264	
Due to primary government				921
Accounts payable to political subdivisions	280,771		280,771	
Unearned revenue	328,011	22,942	350,953	218,375
Accrued insurance on loan losses		13,863	13,863	9,693
Other liabilities				1,441
Collateral obligations for lent securities	131,122		131,122	
Bonds and notes payable:				
Due within one year	560,349	203,446	763,795	102,895
Due in more than one year	7,333,062	5,219,055	12,552,117	1,305,299
Other noncurrent liabilities:				
Due within one year	363,976	41,300	405,276	182,148
Due in more than one year	4,036,618	155,103	4,191,721	809,030
Total liabilities	15,251,953	6,071,284	21,323,237	2,920,970
Net Assets				
Invested in capital assets, net of related debt	14,381,207	1,368,562	15,749,769	3,418,400
Restricted for:				
Human resources	5,759		5,759	
Debt service	117,858	92,626	210,484	8,301
Capital improvements and deposits	2,661	513,896	516,557	18,723
Higher education-nonexpendable				574,593
Higher education-expendable				391,358
Unemployment compensation benefits		566,425	566,425	
Loan programs		1,041,350	1,041,350	75,837
Insurance programs		106,928	106,928	
Other	305		305	
Unrestricted (deficit)	(5,152,460)	1,498,587	(3,653,873)	1,007,481
Total net assets	$ 9,355,330	$ 5,188,374	$ 14,543,704	$ 5,494,693

The accompanying notes to the financial statements are an integral part of this financial statement.

STATE OF MARYLAND
Statement of Activities
For the Year Ended June 30, 2009
(Expressed in Thousands)

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenues and Changes in Net Assets: Primary Government: Governmental Activities	Net (Expense) Revenues and Changes in Net Assets: Primary Government: Business-Type Activities	Net (Expense) Revenues and Changes in Net Assets: Primary Government: Total	Component Units
Primary government -								
Governmental activities:								
General government	$ 835,858	$ 616,176	$ 75,445	$ 10,513	$ (133,724)		$ (133,724)	
Health and mental hygiene	8,398,880	564,677	4,142,664		(3,691,539)		(3,691,539)	
Education	7,173,417	66,053	896,945		(6,210,419)		(6,210,419)	
Aid for higher education	1,878,043	45,493	4,968		(1,827,582)		(1,827,582)	
Human resources	2,163,217	38,419	1,372,231		(752,567)		(752,567)	
Public safety	2,134,038	139,473	69,673		(1,924,892)		(1,924,892)	
Transportation	3,202,687	508,629	93,729	668,442	(1,931,887)		(1,931,887)	
Judicial	682,324	252,847	6,169		(423,308)		(423,308)	
Labor, licensing and regulation	204,027	30,454	132,682		(40,891)		(40,891)	
Natural resources and recreation	219,060	43,491	24,684	11,105	(139,780)		(139,780)	
Housing and community development	248,334	17,161	226,290		(4,883)		(4,883)	
Environment	123,854	38,246	22,585		(63,023)		(63,023)	
Agriculture	94,930	36,897	5,063	2,177	(50,793)		(50,793)	
Business and economic development	94,584	7,074	6,569		(80,941)		(80,941)	
Intergovernmental grants and revenue sharing.	624,475				(624,475)		(624,475)	
Interest	390,169				(390,169)		(390,169)	
Total governmental activities	28,467,897	2,405,090	7,079,697	692,237	(18,290,873)		(18,290,873)	
Business-type activities:								
Economic development - insurance programs	8,881	6,040				$ (2,841)	(2,841)	
Economic development - general loan programs	30,586	4,594				(25,992)	(25,992)	
Economic development - water quality loan programs	43,245	83,724	19,219			59,698	59,698	
Economic development - housing loan programs	210,603	219,688				9,085	9,085	
Unemployment insurance program	1,330,465	475,032	371,769			(483,664)	(483,664)	
Maryland State Lottery	1,207,171	1,699,156				491,985	491,985	
Maryland Transportation Authority	308,383	391,558				83,175	83,175	
Maryland Correctional Enterprises	52,664	52,870				206	206	
Total business-type activities	3,191,998	2,932,662	390,988			131,652	131,652	
Total primary government	$31,659,895	$5,337,752	$7,470,685	$692,237	(18,290,873)	131,652	(18,159,221)	

Component units							
Higher education	$ 4,225,501	$1,636,338	$1,233,950	$195,392			$(1,159,821)
Maryland Prepaid College Trust	54,502	56,196					1,694
Maryland Stadium Authority	67,320	33,280	21,035				(13,005)
Other component units	142,196	116,357	22,002	1,821			(2,016)
Total component units	$ 4,489,519	$1,842,171	$1,276,987	$197,213			(1,173,148)
General revenues:							
Income taxes					7,167,890		7,167,890	
Sales and use taxes					3,857,020		3,857,020	
Motor vehicle taxes					1,787,144		1,787,144	
Tobacco taxes					405,559		405,559	
Insurance company taxes					369,479		369,479	
Property taxes					968,892		968,892	
Estate & inheritance taxes					229,723		229,723	
Other taxes					293,391		293,391	
Grants and contributions not restricted to specific programs								1,168,986
Unrestricted investment earnings					202,682	18,038	220,720	(114,684)
Additions to permanent endowments								(3,354)
Transfers					461,194	(461,194)		
Total general revenues, additions to permanent endowments and transfers					15,742,974	(443,156)	15,299,818	1,050,948
Changes in net assets					(2,547,899)	(311,504)	(2,859,403)	(122,200)
Net assets - beginning of the year, as restated					11,903,229	5,499,878	17,403,107	5,616,893
Net assets - end of the year					$ 9,355,330	$ 5,188,374	$ 14,543,704	$5,494,693

The accompanying notes to the financial statements are an integral part of this financial statement.

STATE OF MARYLAND
Balance Sheet
Governmental Funds
June 30, 2009
(Expressed in Thousands)

	General	Special Revenue: Maryland Department of Transportation	Other Governmental Funds	Total Governmental Funds
Assets:				
Cash and cash equivalents	$ 247,554	$ 2,000		$ 249,554
Cash and cash equivalents - restricted		38,413		38,413
Cash with fiscal agent - restricted			$ 17,400	17,400
Equity in pooled invested cash	1,336,795	180,350	162,869	1,680,014
Investments	12,147		88,245	100,392
Investments - restricted	1,430			1,430
Prepaid items	368,016	74,372		442,388
Taxes receivable, net	810,205	74,982	25,239	910,426
Intergovernmental receivables	864,567	227,609	8,703	1,100,879
Other accounts receivable	437,496	86,833	400	524,729
Due from other funds	57,980	109,980		167,960
Due from component units	921			921
Inventories	23,909	81,634		105,543
Loans and notes receivable, net	13,763	2,644	3,592	19,999
Collateral for lent securities	131,122			131,122
Total assets	$ 4,305,905	$ 878,817	$ 306,448	$ 5,491,170
Liabilities:				
Salaries payable	$141,749	$17,428		$ 159,177
Vouchers payable	328,728	54,350	$ 56,854	439,932
Accounts payable and accrued liabilities	1,154,167	341,091	34,834	1,530,092
Due to other funds	100,867	15,050		115,917
Due to component units	3,264			3,264
Accounts payable to political subdivisions	137,142	69,665	73,964	280,771
Deferred revenue	703,194	52,415	55	755,664
Accrued self-insurance costs	95,750			95,750
Collateral obligations for lent securities	131,122			131,122
Total liabilities	2,795,983	549,999	165,707	3,511,689
Fund balances:				
Reserved for:				
State reserve fund	701,812			701,812
Encumbrances	249,896	861	398,478	649,235
Prepaid items and inventories	391,925	156,006		547,931
Loans and notes receivable	13,363	2,644	3,150	19,157
Construction projects		2,661		2,661
Restricted revenues	6,064	79		6,143
Debt service			10,470	10,470
Unreserved:				
Designated	146,862			146,862
Undesignated, (deficit) reported in:				
Special revenue fund		166,567		166,567
Non-major debt service funds			104,238	104,238
Non-major capital projects fund			(375,595)	(375,595)
Total fund balances	1,509,922	328,818	140,741	1,979,481
Total liabilities and fund balances	$ 4,305,905	$ 878,817	$ 306,448	$ 5,491,170

The accompanying notes to the financial statements are an integral part of this financial statement.

STATE OF MARYLAND
Reconciliation of the Governmental Funds' Fund Balance to the Statement of Net Assets', Net Assets Balance
June 30, 2009
(Expressed in Thousands)

Amounts reported for governmental activities in the Statement of Net Assets (pages 24-25) differ from the amounts for the governmental funds' fund balances because of:	
Amount in governmental funds, fund balance (page 28)	$ 1,979,481
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	19,265,242
Taxes and other receivables that will not be available to pay for current-period expenditures and, therefore, are deferred in the funds	427,653
Accrued interest payable on bonds and capital leases are not liquidated with current financial resources in the governmental funds	(137,622)
Deferred charges not available to pay for current period expenditures	13,608
Other assets not available to pay for current period expenditures	5,224
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:	
General Obligation Bonds	(5,945,401)
Deferred charges to be amortized over the life of the debt	31,407
Premiums to be amortized over the life of the debt	(312,293)
Transportation Bonds	(1,582,605)
Deferred charges to be amortized over the life of the debt	3,605
Premiums to be amortized over the life of the debt	(88,125)
Accrued self-insurance costs	(223,628)
Accrued annual leave	(307,882)
Pension liabilities	(1,016,617)
Other post-employment benefits liability	(1,478,130)
Pollution remediation	(179,972)
Obligation under capital leases	(848,208)
Obligations under capital leases with component units	(250,407)
Net assets of governmental activities (page 25)	$ 9,355,330

The accompanying notes to the financial statements are an integral part of this financial statement.

STATE OF MARYLAND
Statement of Revenues, Expenditures, and Changes in Fund Balances, Governmental Funds
For the Year Ended June 30, 2009
(Expressed in Thousands)

	General	Special Revenue: Maryland Department of Transportation	Other Governmental Funds	Total Governmental Funds
Revenues:				
Income taxes	$ 7,156,297			$ 7,156,297
Sales and use taxes	3,851,752			3,851,752
Motor vehicle taxes and fees		$ 1,787,144		1,787,144
Tobacco taxes	405,559			405,559
Insurance company taxes	369,479			369,479
Property taxes	256,580		$ 712,312	968,892
Estate & inheritance taxes	229,723			229,723
Other taxes	293,391			293,391
Other licenses and fees	686,806			686,806
Charges for services	830,038	429,271		1,259,309
Revenues pledged as security for bonds		66,098		66,098
Interest and other investment income	154,895	3,998	2,803	161,696
Federal revenue	7,005,387	762,171		7,767,558
Other	358,044	13,260	5,823	377,127
Total revenues	21,597,951	3,061,942	720,938	25,380,831
Expenditures:				
Current:				
General government	753,821			753,821
Health and mental hygiene	8,286,032			8,286,032
Education	6,657,410		412,758	7,070,168
Aid to higher education	1,631,983		245,911	1,877,894
Human resources	2,061,959			2,061,959
Public safety	1,824,595			1,824,595
Transportation		1,333,618		1,333,618
Judicial	585,778			585,778
Labor, licensing and regulation	182,751			182,751
Natural resources and recreation	205,876			205,876
Housing and community development	244,208			244,208
Environment	106,307			106,307
Agriculture	142,804			142,804
Business and economic development	90,892			90,892
Intergovernmental grants and revenue sharing	354,617	801,031	269,858	1,425,506
Capital outlays		1,261,036	169,134	1,430,170
Debt service:				
Principal retirement			536,050	536,050
Interest			349,214	349,214
Bond issuance costs	496		2,869	3,365
Total expenditures	23,129,529	3,395,685	1,985,794	28,511,008
Deficiency of revenues under expenditures	(1,531,578)	(333,743)	(1,264,856)	(3,130,177)
Other financing sources (uses):				
Capital leases	27,945			27,945
Bonds issued		390,000	845,563	1,235,563
Refunding bonds issued			65,800	65,800
Bond premium		11	86,775	86,786
Payments to refunded bond escrow agent			(69,213)	(69,213)
Transfers in	602,745	373,638	226,605	1,202,988
Transfers out	(474,778)	(251,339)	(15,677)	(741,794)
Total other sources of financial resources	155,912	512,310	1,139,853	1,808,075
Net changes in fund balances	(1,375,666)	178,567	(125,003)	(1,322,102)
Fund balances, beginning of the year	2,885,588	150,251	265,744	3,301,583
Fund balances, end of the year	$ 1,509,922	$ 328,818	$ 140,741	$ 1,979,481

The accompanying notes to the financial statements are an integral part of this financial statement.

STATE OF MARYLAND
Reconciliation of the Statement of the Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2009
(Expressed in Thousands)

Amounts reported for governmental activities in the Statement of Activities (pages 26-27) are different from the amounts reported in the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds because of the following:		
Net change in fund balances - total governmental funds (page 30)		$ (1,322,102)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceed depreciation in the current period.		
Capital outlays	$ 1,639,625	
Depreciation expense	(992,773)	646,852
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets.		
Net loss on disposals and trade-ins	(193,683)	(193,683)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds:		
Deferred revenues for taxes are recognized, net of revenue already recognized in the prior year	16,861	
Deferred revenues for other revenues are recognized, net of revenue already recognized in the prior year	28,292	
Revenues from other assets are recognized, net of revenue already recognized in the prior year	(286)	44,867
The issuance of long term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long term debt consumes current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, the governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long term debt and related items.		
Debt issued, General Obligation Bonds	(911,363)	
Debt issued, Transportation Bonds	(402,639)	
Capital lease financing	(27,945)	
Premiums, discounts and issuance costs	37,369	
Principal repayments:		
General Obligation Bonds	464,725	
Transportation Bonds	76,210	
Capital leases	83,552	(680,091)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:		
Accrued interest	(8,924)	
Compensated absences	(31,510)	
Self-insurance	(3,115)	
Net pension obligation	(220,365)	
Other post-employment benefits liability	(782,931)	
Pollution Remediation liabilities	(2,104)	
Other long term liabilities	5,207	(1,043,742)
Change in net assets of governmental activities (page 27)		$ (2,547,899)

The accompanying notes to the financial statements are an integral part of this financial statement.

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STATE OF MARYLAND

ENTERPRISE FUND FINANCIAL STATEMENTS

Major Funds

Economic Development Loan Programs

This fund includes the direct loan programs of the Maryland Departments of Housing and Community Development, Business and Economic Development and Environment.

Unemployment Insurance Program

This fund reflects the transactions, assets, liabilities and net assets of the Unemployment Insurance Program and is used to account for the unemployment assessments collected from employers, Federal revenue received and remittance of benefits to the unemployed.

Maryland State Lottery Agency

This fund accounts for the operation of the State Lottery.

Maryland Transportation Authority

This fund accounts for the activity of the Maryland Transportation Authority, which is responsible for the operation and maintenance of toll roads, bridges and tunnels in the State.

Non-major Funds

Other Enterprise Funds

Individual non-major enterprise funds are presented in the combining section following the footnotes.

STATE OF MARYLAND

Statement of Fund Net Assets
Enterprise Funds
June 30, 2009

(Expressed in Thousands)

	Economic Development Loan Programs	Unemployment Insurance Program	Maryland State Lottery Agency	Maryland Transportation Authority	Other Enterprise Funds	Total
Assets -						
Current assets:						
Cash and cash equivalents			$ 1,803	$ 12,696	$ 1,556	$ 16,055
Equity in pooled invested cash	$ 523,069		73,434		124,350	720,853
Investments				364,972		364,972
Other accounts receivable	5,996	$124,763	27,292	13,346	4,394	175,791
Due from other funds	20,557	2,606		5,643		28,806
Inventories				4,086	11,077	15,163
Loans and notes receivable, net	25,628				124	25,752
Investment in direct financing leases				23,243		23,243
Other assets			36		327	363
Current restricted assets:						
Cash and cash equivalents	444,660		39,512	403,438		887,610
Cash on deposit with U.S. Treasury		493,807				493,807
Investments	41,133		29,572	324,352		395,057
Loans and notes receivable, net	103,688					103,688
Other accounts receivable	57,480		315			57,795
Total current assets	1,222,211	621,176	171,964	1,151,776	141,828	3,308,955
Non-current assets:						
Investments	68,847				1,110	69,957
Loans and notes receivable, net	558,714				388	559,102
Investment in direct financing leases				400,705		400,705
Other assets				33,865		33,865
Restricted non-current assets:						
Investments	531,210		106,270			637,480
Deferred charges	16,359					16,359
Loans and notes receivable, net	3,055,002					3,055,002
Other accounts receivable	259					259
Capital assets, net of accumulated depreciation:						
Land				395,850		395,850
Structures and improvements				23,489	1,008	24,497
Equipment	43		5,778	17,577	6,181	29,579
Infrastructure				1,375,599	62	1,375,661
Construction in progress				1,381,193		1,381,193
Total non-current assets	4,230,434		112,048	3,628,278	8,749	7,979,509
Total assets	5,452,645	621,176	284,012	4,780,054	150,577	11,288,464

	Economic Development Loan Programs	Unemployment Insurance Program	Maryland State Lottery Agency	Maryland Transportation Authority	Other Enterprise Funds	Total
Liabilities-						
Current liabilities:						
Accounts payable and accrued liabilities	75,624	54,751	83,846	147,288	2,023	363,532
Due to other funds	3,418		43,748	32,276	366	79,808
Accrued insurance on loan losses	584				13,279	13,863
Other liabilities	8,356		29,638	1,814	1,492	41,300
Unearned revenue	26		2,413	17,069	3,434	22,942
Revenue bonds payable - current	122,028			81,418		203,446
Total current liabilities	210,036	54,751	159,645	279,865	20,594	724,891
Non-current liabilities:						
Due to other funds					1,041	1,041
Other liabilities	18,911		96,994	37,352	1,846	155,103
Revenue bonds payable	3,006,621			2,212,434		5,219,055
Total non-current liabilities	3,025,532		96,994	2,249,786	2,887	5,375,199
Total liabilities	3,235,568	54,751	256,639	2,529,651	23,481	6,100,090
Net Assets-						
Invested in capital assets, net of related debt	43		30	1,362,646	5,843	1,368,562
Restricted for:						
Debt service				92,626		92,626
Capital improvements				513,896		513,896
Unemployment compensation benefits		566,425				566,425
Loan programs	1,041,350					1,041,350
Insurance programs					106,928	106,928
Unrestricted	1,175,684		27,343	281,235	14,325	1,498,587
Total net assets	$2,217,077	$566,425	$ 27,373	$2,250,403	$127,096	$5,188,374

The accompanying notes to the financial statements are an integral part of this financial statement.

STATE OF MARYLAND
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Enterprise Funds
For the Year Ended June 30, 2009
(Expressed in Thousands)

	Economic Development Loan Programs	Unemployment Insurance Program	Maryland State Lottery Agency	Maryland Transportation Authority	Other Enterprise Funds	Total
Operating revenues:						
Lottery ticket sales			$ 1,698,074			$1,698,074
Charges for services and sales	$ 73,832	$ 440,186	896	$ 362,416	$ 54,737	932,067
Loan and grant recoveries	2,005					2,005
Unrestricted interest on loan income	16,097				538	16,635
Restricted interest on loan income	157,526					157,526
Other	3,636		186	11,368	47	15,237
Total operating revenues	253,096	440,186	1,699,156	373,784	55,322	2,821,544
Operating expenses:						
Prizes and claims			1,025,901			1,025,901
Commissions and bonuses			121,888			121,888
Cost of sales and services			22,596		43,677	66,273
Operation and maintenance of facilities				190,340		190,340
General and administrative	36,646		36,121	21,331	10,338	104,436
Benefit payments		1,330,465				1,330,465
Capital grant distributions	36,799					36,799
Depreciation and amortization	(1,111)		649	46,216	1,468	47,222
Provision for insurance on loan losses	34,223				6,062	40,285
Other	24,099					24,099
Total operating expenses	130,656	1,330,465	1,207,155	257,887	61,545	2,987,708
Operating income (loss)	122,440	(890,279)	492,001	115,897	(6,223)	(166,164)
Non-operating revenues (expenses):						
Unrestricted interest and other investment income	6,457		(335)	11,916		18,038
Restricted interest and other investment income	55,059	34,846		17,774	3,596	111,275
Interest expense	(153,778)		(16)	(50,496)		(204,290)
Federal grants and distributions	19,219	371,769				390,988
Other	(149)				(8)	(157)
Total non-operating revenues (expenses)	(73,192)	406,615	(351)	(20,806)	3,588	315,854
Income (loss) before transfers	49,248	(483,664)	491,650	95,091	(2,635)	149,690
Transfers in	18,351			30,000		48,351
Transfers out	(13,625)	(2,714)	(493,206)			(509,545)
Changes in net assets	53,974	(486,378)	(1,556)	125,091	(2,635)	(311,504)
Total net assets - beginning of the year, as restated.	2,163,103	1,052,803	28,929	2,125,312	129,731	5,499,878
Total net assets - end of the year	$2,217,077	$ 566,425	$ 27,373	$2,250,403	$127,096	$5,188,374

The accompanying notes to the financial statements are an integral part of this financial statement.

STATE OF MARYLAND
Statement of Cash Flows
Enterprise Funds
For the Year Ended June 30, 2009
(Expressed in Thousands)

	Economic Development Loan Programs	Unemployment Insurance Program	Maryland State Lottery Agency	Maryland Transportation Authority	Other Enterprise Funds	Total
Cash flows from operating activities:						
Receipts from customers	$ 434,468	$ 420,000	$1,744,838	$ 362,955	$ 60,068	$ 3,022,329
Payments to suppliers	(1,617)		(44,676)	(118,822)	(35,181)	(200,296)
Payments to employees	(11,497)		(12,849)	(86,988)	(17,424)	(128,758)
Program loan disbursements	(482,173)					(482,173)
Other receipts	110,556			24,019	429	135,004
Other payments	(173,186)	(1,316,410)	(136,271)		(8,793)	(1,634,660)
Lottery prize payments			(1,022,251)			(1,022,251)
Net cash from operating activities	(123,449)	(896,410)	528,791	181,164	(901)	(310,805)
Cash flows from non-capital financing activities:						
Proceeds from the sale of revenue bonds	206,490					206,490
Payment on revenue bonds	(206,650)			(21,330)		(227,980)
Interest payments	(153,482)			(14,573)		(168,055)
Transfers in	26,447			30,000		56,447
Transfers out	(6,859)	(2,714)	(488,876)			(498,449)
Grants	19,611	371,769				391,380
Lottery installment payments			(47,990)			(47,990)
Transfers from other Mega Millions states			14,227			14,227
Net cash from non-capital financing activities	(114,443)	369,055	(522,639)	(5,903)	-	(273,930)
Cash flows from capital and related financing activities:						
Payments on interfund borrowings					(350)	(350)
Proceeds from notes payable and revenue bonds				443,020		443,020
Principal paid on notes payable and revenue bonds				(33,953)		(33,953)
Interest payments			(16)	(22,784)		(22,800)
Acquisition of capital assets				(670,707)	(799)	(671,506)
Payments of capital lease obligations			(490)			(490)
Net cash from capital and related financing activities			(506)	(284,424)	(1,149)	(286,079)
Cash flows from investing activities:						
Purchase of investments	(84,104)			(2,864,842)		(2,948,946)
Proceeds from maturity and sale of investments	268,427		33,762	2,805,472		3,107,661
Interest on investments	27,920	34,846		17,973	3,596	84,335
Receipts from investment in direct financing leases				18,528		18,528
Net cash from investing activities	212,243	34,846	33,762	(22,869)	3,596	261,578
Net changes in cash and cash equivalents	(25,649)	(492,509)	39,408	(132,032)	1,546	(609,236)
Balance - beginning of the year	470,309	986,316	1,907	548,166	10	2,006,708
Balance - end of the year	$ 444,660	$ 493,807	$ 41,315	$ 416,134	$ 1,556	$ 1,397,472

STATE OF MARYLAND
Statement of Cash Flows
Enterprise Funds
For the Year Ended June 30, 2009
(Continued)
(Expressed in Thousands)

	Economic Development Loan Programs	Unemployment Insurance Program	Maryland State Lottery Agency	Maryland Transportation Authority	Other Enterprise Funds	Total
Reconciliation of operating income (loss) to net cash provided by operating activities:						
Operating income (loss)	$ 122,440	$(890,279)	$492,001	$115,897	$(6,223)	$(166,164)
Adjustments to reconcile operating income (loss) to net cash from operating activities:						
Depreciation and amortization	(1,111)		649	46,380	1,468	47,386
Effect of changes in non-cash operating assets and liabilities:						
Equity in pooled invested cash	(36,067)		(14,290)		(7,762)	(58,119)
Investments	(455)					(455)
Other accounts receivable	(27,612)	(19,213)	7,313	31,945	3,506	(4,061)
Due from other funds	(97)	(974)				(1,071)
Inventories				490	913	1,403
Loans and notes receivable	(163,427)				28	(163,399)
Other assets	(220)		11	8,351	10	8,152
Accounts payable and accrued liabilities	(14,441)	14,056	43,248	(16,136)	(331)	26,396
Due to other funds	1,818			(3,661)		(1,843)
Accrued insurance on loan losses	(92)				5,547	5,455
Other liabilities	(4,183)		73	(3,032)	(7)	(7,149)
Unearned revenue	(2)		(214)	930	1,950	2,664
Total adjustments	(245,889)	(6,131)	36,790	65,267	5,322	(144,641)
Net cash from operating activities	$(123,449)	$(896,410)	$528,791	$181,164	$ (901)	$(310,805)
Non-cash transactions (amounts expressed in thousands):						
Unrealized gain (loss) on investments	$ 8,927		$ (335)	$ (6,231)		
Additions to leased capital assets			5,590			

The accompanying notes to the financial statements are an integral part of this financial statement.

STATE OF MARYLAND
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2009
(Expressed in Thousands)

	Pension and Other Employee Benefits Trust Funds	Investment Trust Fund	Postretirement Health Benefits Trust Fund	Agency Funds
Assets:				
Cash and cash equivalents	$ 3,375,758		$ 8,022	$ 160,427
Equity in pooled invested cash				801,959
Investments:				
U.S. Treasury and agency obligations	109,770	$1,472,175	14,650	
Repurchase agreements		183,413		
Bonds	2,045,200		21,810	
Corporate equity securities	11,465,156		94,081	
Commercial paper		217,065		
Bankers acceptances		74,245		
Mortgage related securities	2,185,823			
Mutual funds	4,704,722	598,514		
Guaranteed investment contracts	733,546			
Real estate	1,035,476		14,749	
Annuity contracts	118,910			
Private equity	959,143			
Investments held by borrowers under securities lent with cash collateral	4,860,510			
Total investments	28,218,256	2,545,412	145,290	
Taxes receivable, net				224,108
Intergovernmental receivables				366,779
Other receivables	616,744	1,796	1,000	2,410
Collateral for lent securities	5,017,132			
Total assets	37,227,890	2,547,208	154,312	1,555,683
Liabilities:				
Accounts payable and accrued liabilities	1,611,006	17,745	7,900	172,827
Accounts payable to political subdivisions				1,382,856
Collateral obligation for lent securities	5,017,132			
Total liabilities	6,628,138	17,745	7,900	1,555,683
Net assets:				
Held in trust for:				
Pension benefits (A schedule of funding progress for each of the plans may be found on pages 103 & 104)	28,672,502			
Deferred compensation benefits	1,927,250			
Local Government Investment Pool participants		2,529,463		
Postretirement health benefits			146,412	
Total net assets	$30,599,752	$2,529,463	$146,412	$ -

The accompanying notes to the financial statements are an integral part of this financial statement.

STATE OF MARYLAND

Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Year Ended June 30, 2009

(Expressed in Thousands)

	Pension and Other Employee Benefits Trust Funds	Investment Trust Fund	Postretirement Health Benefits Trust Fund
Additions:			
Contributions:			
Employers	$ 491,618		$ 22,517
Members	699,150	$ 5,112,162	
Sponsors	666,039		
On behalf payments			23,061
Total contributions	1,856,807	5,112,162	45,578
Investment earnings:			
Net decrease in fair value of investments	(8,526,881)		(27,906)
Interest	355,829	33,800	71
Dividends	245,466		4,308
Real estate operating net earnings	21,600		
Total investment earnings	(7,903,986)	33,800	(23,527)
Less: investment expense	94,673	722	
Net investment earnings	(7,998,659)	33,078	(23,527)
Total additions	(6,141,852)	5,145,240	22,051
Deductions:			
Benefit payments	2,469,850		
Distributions to participants		33,053	
Redemptions (unit transactions at $1.00 per unit)		4,839,347	
Refunds	22,324		
Administrative expenses	31,577		75
Total deductions	2,523,751	4,872,400	75
Changes in net assets	(8,665,603)	272,840	21,976
Net assets - beginning of the year	39,265,355	2,256,623	124,436
Net assets - end of the year	$ 30,599,752	$ 2,529,463	$ 146,412

The accompanying notes to the financial statements are an integral part of this financial statement.

STATE OF MARYLAND

COMPONENT UNIT FINANCIAL STATEMENTS

Major Component Units

Higher Education

Higher education consists of the University System of Maryland, Morgan State University, St. Mary's College of Maryland and Baltimore City Community College and certain of their foundations. Because the universities and colleges are similar in nature and function, they have been combined and presented as a single component unit. The financial information for certain foundations affiliated with the universities and colleges has not been included in this fund in accordance with GASB Statement No. 14 as amended by GASB Statement No. 39.

Maryland Prepaid College Trust

The Maryland Prepaid College Trust is a program of the College Savings Plans of Maryland and directed by the Board to provide a means for payment of the cost of tuition and mandatory fees in advance of enrollment at eligible institutions of higher education.

Maryland Stadium Authority

The Maryland Stadium Authority was created as a body corporate and politic and as an independent unit of the Executive Department of the State of Maryland. The Authority's purpose is to acquire land and to construct, operate and/or manage various capital facilities in the State.

Non-major Component Units

Other Component Units

Non-major component units are presented individually in the combining section following the footnotes.

STATE OF MARYLAND

Combining Statement of Net Assets
Component Units
June 30, 2009

(Expressed in Thousands)

	Higher Education	Maryland Prepaid College Trust	Maryland Stadium Authority	Other Component Units	Total
Assets:					
Cash and cash equivalents	$ 82,544	$ 8,036	$ 341	$ 3,322	$ 94,243
Equity in pooled invested cash	1,187,680	410	6,485	45,083	1,239,658
Investments	3,937	444,995		37,289	486,221
Endowment investments	169,385				169,385
Foundation investments	720,721				720,721
Tuition contracts receivable	58,865	165,377			224,242
Other accounts receivable	386,971	1,814	7,573	43,300	439,658
Due from primary government			3,264		3,264
Inventories	12,398				12,398
Prepaid items	5,862				5,862
Deferred charges	1,865		2,891		4,756
Loans and notes receivable, net	72,529		4,156	837	77,522
Investments in direct financing leases			244,514	5,893	250,407
Other assets	16,448		1	7,800	24,249
Restricted assets:					
Cash and cash equivalents	166,806		74		166,880
Investments	6,533		8,808	8,993	24,334
Other	26				26
Capital assets, net of accumulated depreciation:					
Land	149,771			7,863	157,634
Art and historical treasures	384				384
Structures and improvements	3,039,235		183,115	27,229	3,249,579
Infrastructure	181,066				181,066
Equipment	376,952	95	10,340	7,835	395,222
Construction in progress	481,983			5,969	487,952
Total assets	7,121,961	620,727	471,562	201,413	8,415,663
Liabilities:					
Salaries payable	99,531				99,531
Accounts payable and accrued liabilities	144,561	271	9,423	37,382	191,637
Due to primary government	921				921
Unearned revenue	197,240	9,113	9,546	2,476	218,375
Accrued insurance on loan losses				9,693	9,693
Other liabilities	1,147	75		219	1,441
Bonds and notes payable:					
Due within one year	85,163		16,285	1,447	102,895
Due in more than one year	1,059,217		239,964	6,118	1,305,299
Other noncurrent liabilities:					
Due within one year	98,674	46,789	48	36,637	182,148
Due in more than one year	163,594	613,996	2,885	28,555	809,030
Total liabilities	1,850,048	670,244	278,151	122,527	2,920,970

	Higher Education	Maryland Prepaid College Trust	Maryland Stadium Authority	Other Component Units	Total
Net Assets:					
Invested in capital assets, net of related debt	3,203,759	95	177,702	36,844	3,418,400
Restricted:					
Debt service			3,830		3,830
Capital improvements and deposits		773	5,053	283	6,109
Nonexpendable:					
Scholarships and fellowships	215,600				215,600
Research	7,839				7,839
Other	351,154				351,154
Expendable:					
Debt service	4,471				4,471
Capital projects	12,614				12,614
Loans and notes receivable	75,837				75,837
Scholarships and fellowships	92,899				92,899
Research	86,862				86,862
Other	211,597				211,597
Unrestricted	1,009,281	(50,385)	6,826	41,759	1,007,481
Total net assets	$5,271,913	$ (49,517)	$ 193,411	$ 78,886	$ 5,494,693

The accompanying notes to the financial statements are an integral part of this financial statement.

STATE OF MARYLAND

Combining Statement of Activities
Component Units
For the Year Ended June 30, 2009

(Expressed in Thousands)

	Higher Education	Maryland Prepaid College Trust	Maryland Stadium Authority	Other Component Units	Total
Expenses:					
General and administrative		$ 1,939	$ 7,404	$ 14,339	$ 23,682
Operation and maintenance of facilities	$ 346,588		19,478	95,923	461,989
Provision for insurance on loan losses, net				4,936	4,936
Instruction	1,084,569				1,084,569
Research	895,087				895,087
Public service	140,995				140,995
Academic support	364,758				364,758
Student services	186,854				186,854
Institutional support	378,926				378,926
Scholarships and fellowships	94,370				94,370
Tuition benefits		52,489			52,489
Auxiliary	477,600				477,600
Hospitals	130,106				130,106
Interest on long-term debt	41,764		17,109	1,073	59,946
Depreciation and amortization		55	15,090	3,099	18,244
Foundation expenses	83,432				83,432
Other	452	19	8,239	22,826	31,536
Total expenses	4,225,501	54,502	67,320	142,196	4,489,519
Program revenues:					
Charges for services:					
Student tuition and fees (net of $208,661 in allowances)	1,047,683				1,047,683
Auxiliary enterprises (net of $28,383 in allowances)…..	495,737				495,737
Restricted investment earnings (loss)	(189,614)		1,808	85	(187,721)
Other	282,532	56,196	31,472	116,272	486,472
Total charges for services	1,636,338	56,196	33,280	116,357	1,842,171
Operating grants and contributions	1,233,950		21,035	22,002	1,276,987
Capital grants and contributions	195,392			1,821	197,213
Total program revenues	3,065,680	56,196	54,315	140,180	3,316,371
Net program revenue (expense)	(1,159,821)	1,694	(13,005)	(2,016)	(1,173,148)
General revenues:					
Grants and contributions not restricted to specific programs….	1,168,986				1,168,986
Unrestricted investment earnings (loss)	(4,783)	(112,532)	219	2,412	(114,684)
Additions to permanent endowments	(3,354)				(3,354)
Total general revenues, additions and deductions to permanent endowments	1,160,849	(112,532)	219	2,412	1,050,948
Changes in net assets	1,028	(110,838)	(12,786)	396	(122,200)
Net assets - beginning of the year	5,270,885	61,321	206,197	78,490	5,616,893
Net assets - end of the year	$5,271,913	$ (49,517)	$ 193,411	$ 78,886	$5,494,693

The accompanying notes to the financial statements are an integral part of this financial statement.

STATE OF MARYLAND

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For the Year Ended June 30, 2009

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STATE OF MARYLAND
Notes to the Financial Statements
For the Year Ended June 30, 2009

1. Summary of Significant Accounting Policies:

A. Reporting Entity

The accompanying financial statements include the various departments, agencies, and other organizational units governed by the General Assembly and/or Constitutional Officers of the State of Maryland (State).

As required by accounting principles generally accepted in the United States of America (GAAP), these financial statements present the state government (primary government) and its component units (entities for which the State is considered to be financially accountable). The Governmental Accounting Standards Board (GASB) has set forth criteria to be considered in determining financial accountability. These criteria include the State appointing a voting majority of an organization's governing body and (1) the ability of the governing body to impose its will on that organization, or (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the State.

Discrete Component Units

These component units are entities which are legally separate from the State, but are financially accountable to the State, or whose relationships with the State are such that exclusion would cause the State's financial statements to be misleading or incomplete. The Component Units column of the government-wide financial statements includes the financial data of the following major component units. Individual statements are presented for each component unit.

Higher Education (Proprietary Fund Type) – Higher Education consists of the University System of Maryland, Morgan State University, St. Mary's College of Maryland and Baltimore City Community College and certain of their foundations. Each entity is governed by its own Board of Regents, or Board of Trustees, whose members are appointed by the Governor. The universities and colleges are funded through State appropriations, tuition, Federal grants, and private donations and grants. Because the universities and colleges are similar in nature and function, they have been combined and presented as a single discretely presented component unit. Some of the financial information for foundations affiliated with the universities and colleges has not been included with the financial information of the universities and colleges in accordance with the requirements of GASB Statement No. 14 as amended by GASB Statement No. 39.

The Maryland Prepaid College Trust (Proprietary Fund Type) is a program of the College Savings Plans of Maryland and directed by its Board. The Board consists of five State officials and five members of the public appointed by the Governor. The Maryland Prepaid College Trust provides a means for payment of the cost of tuition and mandatory fees in advance of enrollment at eligible institutions of higher education. If the Trust's contract obligations exceed the market value of Trust assets, State appropriations may be provided.

Maryland Stadium Authority (Proprietary Fund Type) - The Maryland Stadium Authority (Authority) was created as a body corporate and politic and as an independent unit of the Executive Department of the State. The Authority's purpose is to acquire land and to construct, operate and/or manage various capital facilities in the State. The Authority's Board consists of seven members, of which, six are appointed by the Governor, with the advice and consent of the State Senate, and one whom is appointed by the Mayor of Baltimore City, with the advice and consent of the State Senate. The Maryland State Legislature and the Board of Public Works (consisting of the Governor, Comptroller and Treasurer) have approved all of the projects and bond issuances of the Authority.

The non-major component units are comprised of the following proprietary fund type entities.

The Maryland Food Center Authority (Authority) is a body corporate and politic, the governing board of which is composed of twelve members. Four members are State officials, and eight members are appointed by the Governor.

The Authority has statewide jurisdiction to promote the State's welfare by undertaking real estate development and management activities that facilitate the wholesale food industry activity in the public interest. It is subject to State regulations and approvals and has received State subsidies.

The Maryland Environmental Service (Service) was created as a body corporate and politic and is governed by a nine-member Board of Directors. The Board of Directors and the officers of the Service are appointed and/or approved by the Governor. The Service helps private industry and local governments manage liquid, solid and hazardous wastes. In accordance with direction from the Governor, the Service plans and establishes major resource recovery facilities, solid waste management plans and hazardous waste management programs.

The Maryland Industrial Development Financing Authority (MIDFA) was established as a body corporate and politic and a public instrumentality of the State. The Authority consists of nine members, the Secretary of the Department of Business and Economic Development, or his designee, the State Treasurer or the State Comptroller, as designated by the Governor; and seven members appointed by the Secretary of the Department of Business and Economic Development and approved by the Governor. The MIDFA is subject to the authority of the Secretary and subject to State finance regulations. It provides financial assistance to enterprises seeking to locate or expand operations in Maryland.

The Maryland Technology Development Corporation (Corporation) was established as a body corporate and politic and a public instrumentality of the State. The Corporation's Board of Directors consists of 15 individuals, the Secretary of the Department of Business and Economic Development and 14 members appointed by the Governor with the advice and consent of the Senate. Its budget is submitted to and approved by the State, and its major revenue source is State appropriations. The Corporation was created to assist in transferring to the private sector and commercializing the results and products of scientific research and development conducted by the colleges and universities and to assist in the commercialization of technology developed in the private sector. The Corporation administers the Maryland Technology Incubator Program and the Maryland Stem Cell Research Fund.

Complete financial statements of the individual component units and the Local Government Investment Pool of the Investment Trust Fund may be requested from the Comptroller of Maryland, LLG Treasury Building, Annapolis, Maryland 21404.

Related Organizations

The Maryland Economic Development Corporation (MEDCO), Injured Workers' Insurance Fund and the Maryland Automobile Insurance Fund are related organizations of the State. The Governor appoints a majority of the Board of Directors, but the State does not have the ability to impose its will on the organizations, and there is no financial benefit/burden relationship. As of June 30, 2009, the Economic Development Loan Programs, major enterprise funds, had transactions with MEDCO that included loans, investments and grants totaling $23,917,000. The Maryland Industrial Development Financing Authority (MIDFA) provides insurance as a credit enhancement for transactions of MEDCO. As of June 30, 2009 the insurance outstanding on MEDCO's transactions insured by MIDFA, other component unit, was $5,112,000.

B. Government-wide and Fund Financial Statements

The State's government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all nonfiduciary activities of the primary government and its component units. Interfund activity has been eliminated from these statements except for certain charges for services between activities that would distort the direct costs and program revenues reported for the applicable functions. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Expenses reported for functional activities include allocated indirect expenses. Program revenues include 1) charges to customers or applicants

who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements as those assets are not available to support government programs. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund (other than the agency funds), financial statements. The agency funds are reported using the accrual basis of accounting, but have no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the State considers all revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to retirement costs, other post-employment benefits, compensated absences, pollution remediation and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The State reports the following major governmental funds:

General Fund:

Transactions related to resources obtained and used for those services traditionally provided by a state government, which are not accounted for in other governmental funds, are accounted for in the general fund. These services include, among other items, general government, health and mental hygiene, education (other than higher education institutions), human resources, public safety, judicial, labor, licensing and regulation, natural resources and recreation, housing and community development, environment, agriculture, and business and economic development. Resources obtained from Federal grants and used for general fund activities consistent with applicable legal requirements, are recorded in the general fund.

Special Revenue Fund, Maryland Department of Transportation:

Transactions related to resources obtained, the uses of which are restricted for specific purposes, are accounted for in the special revenue fund. The Maryland Department of Transportation special revenue fund accounts for resources used for operations (other than debt service and pension activities) of the Maryland Department of Transportation, including construction or improvement of transportation facilities and mass transit operations.

Enterprise Funds:

Transactions related to commercial types of activities operated by the State are accounted for in the enterprise funds. The enterprise funds differ from governmental funds in that the focus is on the flow of economic resources, which, together with the

maintenance of equity, is an important financial indicator.

The major enterprise funds are as follows.

1. The Economic Development Loan Programs includes the direct loan programs of the Maryland Departments of Housing and Community Development, Business and Economic Development and Environment.

2. The Unemployment Insurance Program reflects the transactions, assets, liabilities and net assets of the Unemployment Insurance Program and is used to account for the unemployment taxes collected from employers, Federal revenue received and remittance of benefits to the unemployed.

3. The Maryland State Lottery Agency operates the State Lottery.

4. The Maryland Transportation Authority is responsible for the operation and maintenance of toll roads, bridges and tunnels in the State.

Fiduciary Funds:

1. The Pension and Other Employee Benefits Trust Fund (Pension Trust Fund) includes the Maryland State Retirement and Pension System, the Maryland Transit Administration Pension Plan, and the Deferred Compensation Plan. The Pension Trust Fund reflects the transactions, assets, liabilities and net assets of the plans administered by the State and is accounted for using the flow of economic resources measurement focus. The Deferred Compensation Plan, which is reported as of and for its period ended December 31, accounts for participant earnings deferred in accordance with Internal Revenue Code Sections 457, 403(b), 401(a), and 401(k). Amounts deferred are invested and are not subject to Federal income taxes until paid to participants upon termination or retirement from employment, death or for an unforeseeable emergency.

2. The Investment Trust Fund reflects the transactions, assets, liabilities and net assets of the Maryland Local Government Investment Pool and is accounted for using the flow of economic resources measurement focus.

3. The Postretirement Health Benefits Trust Fund (OPEB Trust) accumulates funds to assist the State's Employee and Retiree Health and Welfare Benefits Program finance the State's postretirement health insurance subsidy. The OPEB Trust is administered by the Board of Trustees for the Maryland State Retirement and Pension System, and its transactions, assets, liabilities and net assets are accounted for using the flow of economic resources measurement focus. The assets of the Pension and OPEB Trusts are not pooled for investment purposes, and each trust's assets may be used only for the payment of benefits to the trust's members in accordance with the terms of the trust.

4. The agency funds are custodial in nature and do not present the results of operations or have a measurement focus. The State uses agency funds to account for the receipt and disbursement of litigants, patient and prisoner accounts, various taxes collected by the State for distribution to political subdivisions and amounts withheld from employees' payroll.

D. Change in Accounting Principles and Restatement of Beginning Balances

As of July 1, 2008, the State reported pollution remediation obligations in accordance with GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*. This statement resulted in the recognition of expenses and liabilities to address the current or potential detrimental effects of existing pollution. Accordingly, the beginning net assets for governmental activities in the government-wide financial statements are restated as follows (amounts expressed in thousands).

Beginning net assets, as previously reported	$12,081,097
Recognition of pollution remediation obligations	(177,868)
Beginning net assets, as restated	$11,903,229

The Maryland Transportation Authority, an enterprise fund, adjusted capital asset and accumulated depreciation balances for capital assets which were not previously recognized and changes in capital asset lives. The Authority also adjusted various assets

and liabilities, primarily for amortization using the effective interest method. Accordingly, the beginning net assets for the Authority are restated as follows (amounts expressed in thousands).

Beginning net assets, as previously reported	$1,982,873
Increase in net capital assets	149,301
Net decrease in various assets and liabilities	(6,862)
Beginning net assets, as restated	$2,125,312

E. New Pronouncements:

GASB issued Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, in June 2007, and Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, in June 2008, effective for financial statements for periods beginning after June 15, 2009. The Deferred Compensation Plan of the Pension Trust Funds has early implemented Statement No. 53. In addition, the GASB issued Statement No.54, *Fund Balance Reporting and Governmental Fund Type Definitions*, in March 2009, effective for financial statements for periods beginning after June 15, 2010. The State will implement each of these as of their effective dates. While the State is still in the process of determining the effect of implementing these GASB statements, they are not expected to have a material effect on the financial position of the State.

2. Significant Accounting Policies - Assets, Liabilities and Net Assets or Equity:

A. All Funds:

Deposits with Financial Institutions and Investments:

The State Treasurer's Office operates a centralized cash receipt, investment and disbursement function for the majority of the State's funds as required by statute. Certain enterprise activities, pension funds, agency funds and component units are specifically exempted from this function in the law. Individual fund equity in pooled invested cash is reported as an asset on the balance sheets of those funds participating in the centralized cash receipt and disbursement function. Investment earnings accrue to those funds reporting equity in pooled invested cash only if the law specifically provides for the fund's accrual of interest earnings.

The State Treasurer's Office invests short-term cash balances on a daily basis primarily in U.S. Government obligations and money market mutual funds. Under the State Finance and Procurement Article of the Annotated Code of Maryland, Title 6, Subtitle 2, the State Treasurer may only invest in the following:

- Any obligation for which the United States Government has pledged its faith and credit for the payment of principal and interest.
- Any obligation that a United States agency issues in accordance with an act of Congress.
- Repurchase agreements that any of the above obligations secure.
- Certificates of deposits of Maryland financial institutions.
- Banker's acceptances.
- Money market mutual funds.
- Commercial paper.
- Maryland Local Government Investment Pool.
- Securities Lending Collateral.

In addition, bond sale proceeds may be invested in Municipal securities. Collateral must be at least 102% of the book value of the repurchase agreements and must be delivered to the State Treasurer's custodian for safekeeping. Investments are recorded at fair value and changes in fair value are recognized as revenue. Fair values are based on quotations from national security exchanges and security pricing services, or by the respective fund managers for securities which are not actively traded. Money market mutual funds and the Maryland Local Government Investment Pool are operated in accordance with Rule 2a-7 of the Investment Company Act of 1940, as amended. Their fair values are based on a share price of $1.00 per share. Investments maturing within 90 days of purchase are reported in the financial statements as cash and cash equivalents.

The Maryland State Retirement and Pension System (System), in accordance with State Personnel and Pensions Article Section 21-123 of the Annotated Code of Maryland, is permitted to make investments subject to the terms, conditions, limitations and restrictions imposed by the Board of Trustees of the System. The law further provides that no more than 25% of the assets that are invested in common stocks may be invested in nondividend paying common stocks. In addition, no investment in any one organization may constitute more than 5% of the total assets of the System. The System is authorized by Section 21-116 of the State Personnel and Pensions Article to establish and maintain the investment policy manual, which authorizes investing in all major sectors of the capital market in order to diversify and minimize total investment program risk. Such sectors include, but are not limited to, common stock, preferred stock, convertible securities, warrants and similar rights of U.S. and non-U.S. companies; private equity - direct/partnership/funds; real estate investment trusts; commingled real estate funds; directly owned real estate; fixed income obligations of the U.S. government and its states and local subdivisions, non-U.S. governments and their states and local subdivisions, U.S. and non-U.S. companies, and supra-national organizations; futures and options; foreign exchange forward and future contracts and options; equity index futures; and equity options.

Investments of the System, the Postretirement Health Benefits Trust Fund (OPEB Trust) and the Maryland Transit Administration (MTA) Pension Plan are stated at fair value. The investments of the OPEB Trust and the MTA Pension Plan are held and invested on their behalf by the System and are limited to those allowed for the System. For fixed income securities, fair value is based on quoted market prices provided by independent pricing services. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages and mortgage related securities are valued on the basis of future principal and interest payments and are discounted at prevailing interest rates for similar instruments. Fair value for real estate investments is based on estimated current values and independent appraisals. Fair value for private equity investments and mutual funds (other than those funds traded on a national or international exchange) is based on information provided by the applicable fund managers.

State employees are offered participation in deferred compensation plans created in accordance with the Internal Revenue Code, Sections 401(a), 401(k), 403(b) and 457. The Board of Trustees of the Maryland Teachers and State Employees Supplemental Retirement Plans is responsible for the implementation, maintenance and administration of the Plans. The Board has appointed a private company as the Plans' administrator. Assets of the Plans are held in trusts for the exclusive benefit of participating employees and their beneficiaries. Investments of the Plans are valued at cost plus interest credited for fixed earnings investment contract pools and at fair value based on published quotations at each December 31, or net asset value as provided by the investment custodian, for variable earnings investments.

Retirement Costs:

Substantially all State employees participate in one of several State retirement systems. (See footnote 15.) The State also provides retirement benefits to teachers and certain other employees of its political subdivisions. Retirement costs have been provided on the accrual basis, based upon actuarial valuations, except that retirement expenditures for governmental funds represent amounts contributed by the State for the fiscal year.

Other Post-Employment Benefit Costs:

Substantially all State retirees may participate in the various health care plans offered by the State. (See footnote 16.) Post-employment health care costs have been provided on the accrual basis, based upon actuarial valuations, except that other post-employment expenditures for governmental funds represent amounts contributed by the State for the fiscal year.

Accrued Self-Insurance Costs:

The accrued self-insurance costs represent the State's liability for its various self-insurance programs. The State is self-insured for general liability, property and casualty, workers' compensation, environmental and anti-trust liabilities and certain employee health benefits. The State records self-insurance expenses in the proprietary funds and discretely presented component units on an accrual basis and the modified accrual basis for the governmental funds. The long-term accrued self-insurance costs of the governmental funds, which are not expected to be funded with current resources, are reported in the government-wide financial statements.

Annual Leave Costs:

Principally all full-time employees accrue annual leave based on the number of years employed up to a maximum of 25 days per calendar year. Earned annual leave may be accumulated up to a maximum of 75 days as of the end of each calendar year. Accumulated earned but unused annual leave for general government employees is accounted for in the government-wide financial statements. Liabilities for accumulated earned but unused annual leave applicable to proprietary funds and component units are reported in the respective funds.

Capital Assets:

Capital assets, which include property, plant, art and historical treasures, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Infrastructure acquired prior to June 30, 1980, is not reported. Capital assets are defined by the government as assets with an initial, individual cost of more than $50,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Capital assets of the primary government, as well as the component units, are depreciated using the straight line method over the following estimated useful lives:

Assets	Year
Buildings	5-50
Building improvements	5-50
Vehicles	3-25
Office equipment	3-10
Computer equipment	3-10
Computer software	5-10
Infrastructure	10-50

Long-term Obligations:

In the government-wide financial statements, and for proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances

are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Restricted Resources:

When both restricted and unrestricted resources are available for use, it is the State's policy to use restricted resources first, and then unrestricted resources as they are needed.

Debt Refinancing:

The gain or loss associated with debt refinanced is deferred and amortized to interest expense over the remaining life of the old debt or the life of the new debt whichever is shorter.

Net Assets:

Net assets are divided into three categories. Net assets invested in capital assets net of related debt is the capital assets less accumulated depreciation and outstanding principal of the related debt. Restricted net assets reflect restrictions on assets imposed by parties outside the State or imposed by the State by constitutional provisions or enabling legislation. Unrestricted net assets are total net assets of the State less net assets invested in capital assets net of related debt and restricted net assets. Unrestricted net assets are comprised mainly of cash, investments, loans and receivables.

B. Governmental Funds:

Inventories and Prepaid Items:

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the fund financial statements under the consumption method.

Grants:

Revenues from Federal reimbursement type grants are recognized when the related expenditures are incurred and the revenues are both measurable and available. The government considers all grant revenues to be available if they are collected within 60 days of the current fiscal period. Distributions of food stamp benefits are recognized as revenues and expenditures when the benefits are distributed to individual recipients.

Income Taxes:

The State accrues the net income tax receivable or records a deferred revenue based on estimated income tax revenues and refunds due relating to the fiscal year, that will not be collected or paid until after the fiscal year end. This accrual is computed based on projected calendar year net tax collections, tax laws in effect, future projections and historical experience.

Sales and Use Taxes:

The State accrues June sales taxes that are not remitted at year end as a receivable. These taxes are considered measurable and available since they represent June collections that are remitted to the State in July by merchants who collect the related sales tax.

Property Taxes:

The State levies an annual tax for the fiscal year beginning July 1 and ending June 30 on all real property subject to taxation, due and payable each July 1 and December 1 (lien dates), based on assessed values as of the previous January 1, established by

the State Department of Assessments and Taxation at 100% of estimated market value. Each of the counties, Baltimore City and incorporated municipalities establish rates and levy their own tax on such assessed values. The State tax rate in fiscal year 2009 was 11.2¢ per $100 of assessed value. Unpaid property taxes are considered in arrears on October 1 and January 1, respectively, and penalty and interest of 1% is assessed for each month or fraction of a month that the taxes remain unpaid. Property taxes are accrued to the extent they are collected within 60 days of year end.

Escheat Property:

Escheat property is property that reverts to the State's general fund in the absence of legal claimants or heirs. The escheat activity is reported in the general fund. An asset is recognized in the period when the legal claim to the assets arises or when the resources are received, whichever occurs first, and a liability is recognized for the estimated amount that ultimately will be reclaimed and paid.

Intergovernmental Expenditures:

General, special revenue and capital projects fund revenues paid to political subdivisions, and bond proceeds granted to political subdivisions, are recorded as intergovernmental expenditures if such payments do not require mandatory use for specific functions. Direct grants and other payments to, or on behalf of, political subdivisions are recorded as current expenditures.

Capital Assets:

Expenditures for capital assets are reported as capital outlays in the governmental funds.

Compensated Absences:

It is the State's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the State does not have a policy to pay any amounts when employees separate from service with the government. A liability for vacation pay amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Fund Equity:

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

C. Enterprise Funds, Fiduciary Funds and Component Units:

Basis of Accounting:

The accounts of the enterprise funds, fiduciary funds and component units are maintained and reported using the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. For both the government-wide business-type activities and the enterprise fund financial statements, the State has selected the option to apply all applicable GASB pronouncements and only FASB Statements and Interpretations, Accounting Principles Board (APB) Opinions and Accounting Research Bulletins (ARB) issued on or before November 30, 1989.

Enterprise funds and component units distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Cash and Cash Equivalents:

The enterprise funds consider all highly liquid investments that mature within 90 days of purchase to be cash and cash equivalents for reporting on the statement of cash flows.

Grants:

Revenues from Federal reimbursement type grants are recorded when the related expenses are incurred.

Capital Assets:

Capital assets are stated at cost. Depreciation of the cost of capital assets is provided on the straight-line basis over estimated useful lives of 5 to 50 years for depreciable real property and building improvements, and 3 to 10 years for equipment. Construction period interest is capitalized. Repairs and maintenance are charged to operations in the period incurred. Replacements, additions and betterments are capitalized.

Lottery Revenues, Prizes and Related Transfers:

Revenues and prizes of the Maryland State Lottery Agency (Lottery) are primarily recognized when drawings are held. Certain prizes are payable in deferred installments. Such liabilities are recorded at the present value of amounts payable in the future. State law requires the Lottery to transfer to the State revenues in excess of amounts allocated to prize awards, operating expenses and capital expenditures. The excess revenues from certain select games are transferred to the State's general fund, which then transfers the amounts to the Maryland Stadium Authority for operations and to cover the State's capital lease payments to the Maryland Stadium Authority.

Provisions for Insurance and Loan Losses:

Current provisions are made for estimated losses resulting from insuring loans and uncollectible loans. Loss provisions are based on the current status of insured and direct loans, including delinquencies, economic conditions, loss experience, estimated value of collateral and other factors which may affect their realization. Reductions required to the reserve for loan or insured loan reserves are recorded as negative expenses.

Inventories:

Inventories are stated at the lower of cost or market, using the first-in, first-out method.

3. Deposits with Financial Institutions and the U.S. Treasury, Equity in Pooled Invested Cash and Investments:

Cash and cash equivalents, equity in pooled invested cash and investments as shown on the basic financial statements as of June 30, 2009, reconcile to cash deposit and investment disclosures as follows (amounts expressed in thousands).

Government-wide statement of net assets:	
Cash and cash equivalents	$ 359,852
Equity in pooled invested cash	3,640,525
Investments	1,911,648
Collateral for lent securities	131,122
Restricted cash and cash equivalents	1,604,110
Restricted investments	1,058,301
Statement of fiduciary net assets:	
Cash and cash equivalents	3,544,207
Equity in pooled invested cash	801,959
Investments	30,908,958
Collateral for lent securities	5,017,132
Total cash and cash equivalents and investments per basic financial statements	48,977,814
Less: Cash and cash equivalents and investments of higher education foundations not subject to disclosure	764,711
Total cash and cash equivalents and investments per Note 3	$48,213,103

Note 3 of the financial statements:	
Cash deposits:	
Governmental funds	$ 301,546
Enterprise funds	573,817
Fiduciary funds	383,531
Component units	69,441
Investments:	
Governmental funds	4,679,249
Enterprise funds	2,291,121
Fiduciary funds	39,086,766
Component units	827,632
Total cash deposits and investments	$48,213,103

Cash and cash equivalents for financial statement presentation include short-term investments maturing within 90 days of purchase. Investments for financial statement presentation include certificates of deposit maturing 90 days or more from date of purchase.

A. *Cash Deposits:*

As of June 30, 2009, the carrying value for the bank deposits of the governmental funds, enterprise funds, fiduciary funds and component units were $301,546,000, $573,817,000, $383,531,000 and $69,441,000, respectively. The bank balances were $301,546,000, $572,357,000, $383,531,000, and $73,667,000, respectively.

Custodial Credit Risk. Custodial credit risk is the risk that, in the event of a bank failure, the government's deposits may not be returned. Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are (a) uncollateralized, (b) collateralized with securities held by the pledging financial institution, or (c) collateralized with securities held by the pledging financial institution's trust department or agent but not in the government's name. State law permits the Treasurer to deposit in a financial institution in the State, unexpended or surplus money in which the Treasurer has custody if (a) the deposit is interest bearing; (b) the financial institution provides collateral that has a market value that exceeds the amount by which a deposit exceeds the deposit insurance; and (c) a custodian holds the collateral.

The Economic Development Loan Programs, Higher Education component unit, Maryland Stadium Authority, and certain other component units do not have a deposit policy for custodial credit risk. As of June 30, 2009, $232,000, $26,652,000, $74,000, and $482,000, respectively, of their bank balances were exposed to custodial credit risk as uninsured and uncollateralized. The Maryland Prepaid College Trust does not have a policy for custodial credit risk. As of June 30, 2009, $8,187,000, of its bank balances and $1,152,000 of other component units' bank balances were exposed to custodial credit risk as uninsured and collateralized with securities held by the pledging financial institution's trust department or agent but not in the component unit's name.

B. Investments:

The State discloses investment risks as follows:

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer.

Custodial Credit Risk. Custodial credit risk is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government

and are held by either (a) the counterparty or (b) the counterparty's trust department or agent but not in the government's name.

Foreign Currency Risk. Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment.

1. Investments-Governmental Funds:

The State Treasurer's Office is authorized to make investments as stated in footnote 2.A.

Investments are stated at fair value that is based on quoted market prices. The investments and maturities as of June 30, 2009, for the governmental funds of the primary government are as follows (amounts expressed in thousands).

		Investment Maturities (in Years)		
Investment Type	Fair Value	Less than 1	1-3	More than 3
U.S. agencies (a)	$ 4,208,176	$ 25,077	$ 132,941 (b)	$ 4,050,158 (c)
Repurchase agreements	10,391			10,391
Money market mutual funds	99,183	99,183		
Local Government Investment Pool	230,377	230,377		
Total investments	4,548,127	354,637	132,941	4,060,549
Collateral for lent securities	131,122	131,122		
Total investments and collateral for lent securities	$ 4,679,249	$ 485,759	$ 132,941	$ 4,060,549

(a) Investments held by broker dealers under securities lending program are $30,025,000.
(b) Bonds in the amount of $54,265,000, mature September 2011 to October 2011, but are callable September 2009 to October 2009.
(c) Bonds in the amount of $3,399,973,000, mature August 2012 to June 2014, but are callable July 2009 to June 2012.

Interest Rate Risk. The State Treasurer's Office's investment policy states that to the extent possible, it will attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the Treasurer's Office will not directly invest in securities maturing more than five years from the date of purchase. Sinking fund investments with guaranteed earnings to redeem term bonds beginning in fiscal year 2016 were $10,391,000.

Credit Risk. State law requires that the governmental funds' repurchase agreements be collateralized by U.S. Treasury and agency obligations. In addition, investments are made directly in U.S. agency obligations. Obligations of the Federal National Mortgage Association, Federal Farm Credit Bank, and Federal Home Loan Mortgage Corporation are rated Aaa by Moody's and AAA by Standard & Poor's and Fitch. Obligations of the Federal Home Loan Bank are rated Aaa by Moody's and AAA by Standard & Poor's. Obligations of the Federal Agricultural Mortgage Corporation are not rated. State law also requires that money market mutual funds have the highest possible rating from at least one nationally recognized securities rating organization. The money market mutual funds are rated A-1/P-1/F-1 by Standard & Poor's, Moody's, and Fitch, respectively. The Local Government Investment Pool is rated AAAm by Standard & Poor's.

Concentration of Credit Risk. The State Treasurer's Office's investment policy limits the amount of repurchase agreements to be invested with a particular institution to 30% of the portfolio. There is no other limit on the amount that may be invested in any one issuer. More than 5 percent of the governmental funds' investments are in the Federal Home Loan Mortgage Corporation, the Federal Home Loan Bank, the Federal Agricultural Mortgage Corporation, the Federal Farm Credit Bank and the Federal National Mortgage Association. These investments are 27.2%, 21.2%, 19.0%, 13.1%, and 12.6% of the governmental funds' total investments, respectively.

2. *Investments - Enterprise Funds:*

The enterprise funds' bond indentures and investment policies, with the exception of the Economic Development Loan Programs, authorize the investment of assets related to the indentures and other funds in obligations in which the State Treasurer may invest. The Economic Development Loan Programs are authorized to invest in obligations of the U.S. Treasury, U.S. government agencies, obligations of U.S. political subdivisions, bankers' acceptances, commercial paper, repurchase agreements, guaranteed investment contracts, corporate debt securities and mutual funds.

Investments of the enterprise funds are stated at fair value, which is based on quoted market prices.

The investments and maturities as of June 30, 2009, for the enterprise funds of the primary government are as follows (amounts expressed in thousands).

		Investment Maturities (in Years)				
Investment Type	Fair Value	Less than 1	1 - 5	6-10	11-15	More than 15
U.S. Treasury obligations	$ 508,233	$ 15,257		$25,474	$12,930	$454,572
U.S. Government agency obligations	573,601	323,804	$241,032	669	2,236	5,860
Repurchase agreements	39,825			21,838		17,987
Commercial paper	19,998	19,998				
Guaranteed investment contracts	22,625	2,000		20,625		
Money market mutual funds	938,040	938,040				
Total	$2,102,322	$1,299,099	$241,032	$68,606	$15,166	$478,419

In addition to the investments scheduled above, as of June 30, 2009, the enterprise funds' investments also include the fair value of direct equity investments, $52,957,000.

The State Lottery Agency, a major enterprise fund, invests in U.S. Treasury obligations and annuity contracts that provide for guaranteed payouts to jackpot prize winners and, therefore, have no interest rate risk to the Lottery. As of June 30, 2009, the fair value of these investments was $135,458,000 and $384,000, respectively. Of these investments, U.S. Treasury obligations held by broker dealers under the securities lending program were $100,169,000.

Interest Rate Risk. The enterprise funds' policy for managing their exposure to fair value loss arising from increasing interest rates is to manage investment maturities so that they precede or coincide with the expected need for funds.

Credit Risk. The investment policies of the enterprise funds require that repurchase agreements are collateralized by U.S. Treasury and agency obligations. The policies also require that money market mutual funds contain only U.S. Treasuries or agencies or repurchase agreements secured by these or that they receive the highest possible rating from at least one nationally recognized securities rating organization and that commercial paper be rated A-1, P-1. According to the indenture and investment policy of the Economic Development Loan Programs, investments must be rated no lower than the rating on the Loan Programs' bonds or F1/P1 for the issuer's short-term accounts or securities. The rating on the Loan Programs' bonds as of June 30, 2009, was Aa by Moody's and AA by Fitch.

As of June 30, 2009, the enterprise funds had the following investments and quality ratings (amounts expressed in thousands).

Investment Type	Fair Value	Quality Rating	Rating Organization	Percentage of Total Investments
U.S. Government agency obligations	$ 573,601	AAA/Aaa	S&P/Moody's	25.04%
Money market mutual funds	938,040	AAAm/Aaa	S&P/Moody's	40.94
Repurchase agreements-underlying securities	39,825	AAA/Aaa	S&P/Moody's	1.74
Commercial paper	19,998	A-1/P-1	S&P/Moody's	0.87
Total	$1,571,464			68.59%

Concentration of Credit Risk. The enterprise funds place no limit on the amount they may invest in any one issuer of U.S. Government agency obligations. More than 5% of the enterprise funds' investments are in obligations of the Federal Home Loan Bank and Federal Home Loan Mortgage Corporation. These investments are 12.6% and 7.3% of the enterprise funds' total investments.

3. Investments - Fiduciary Funds:

The Pension and OPEB Trust Funds are authorized to make investments as stated in footnote 2.A.

The Maryland Local Government Investment Pool is authorized by Article 95, Section 22G, of the Annotated Code of Maryland to invest in any instrument in which the State Treasurer may invest. Investments of the Pool are stated at fair value. Securities are valued daily on an amortized cost basis which approximates market value. Money market funds are valued at the closing net asset value per share on the day of valuation.

The investments and maturities as of June 30, 2009, for the fiduciary funds of the primary government are as follows (amounts expressed in thousands).

		Investment Maturities (in Years)			
Investment Type	Fair Value	Less than 1	1-5	6-10	More than10
U.S. Treasury notes and bonds	$ 1,609,364	$ 71,885	$ 531,503	$ 202,002	$ 803,974
U.S. Treasury strips	9,147			1,354	7,793
U.S. Government agency obligations	1,703,297	1,383,628	249,601	56,578	13,490
Repurchase agreements	183,413	183,413			
Bankers' acceptances	74,245	74,245			
Commercial paper	217,065	217,065			
Guaranteed investment contracts (a)	733,546		728,896	4,650	
Corporate bonds	1,728,645	29,302	700,071	719,331	279,941
International bonds	39,352		10,578	8,960	19,814
Other government bonds	393,390	19,557	154,550	116,360	102,923
Mortgage-backed securities	2,205,726		3,414	69,261	2,133,051
Asset-backed securities	180,009	9,099	46,217	21,606	103,087
Bond mutual funds	1,633,213	429,604	510,625	692,984	
Swaps	(1,702)	(2,096)	604	145	(355)
Money market mutual funds	3,755,102	3,755,102			
Total investments	14,463,812	6,170,804	2,936,059	1,893,231	3,463,718
Collateral for lent securities	5,017,132	5,017,132			
Total investments and collateral for lent securities	$19,480,944	$11,187,936	$2,936,059	$1,893,231	$3,463,718

(a) These investments are stated at contract value as of December 31, 2008. The fair value as of December 31, 2008, was $687,735,000, and the wrapper value was $1,953,000.

In addition to the investments scheduled above, as of June 30, 2009, the fiduciary funds' investments also include the fair value of stock mutual funds, $5,914,220,000, corporate equity securities, $11,559,237,000, private equity, $959,143,000, real estate, $1,050,225,000, annuity contracts, $118,910,000, and insurance contracts, $4,088,000.

Interest Rate Risk. The Maryland State Retirement and Pension System (System) may invest in derivatives as permitted by guidelines established by the Board of Trustees. Compliance with these guidelines is monitored by the System's staff. Derivatives are used to improve yield, adjust the duration of the fixed income portfolio, or hedge against changes in interest rates. As of June 30, 2009, the System had $1.8 billion invested in mortgage pass-through securities. These investments are moderately sensitive to changes in interest rates because they are backed by mortgage loans in which the borrowers have the option of prepaying. Substantially all derivatives are recorded at fair value in the Statement of Net Assets.

The Deferred Compensation Plans (Plans) invest in annuity contracts and insurance contracts that provide for guaranteed payouts to participants and, therefore, have no interest rate risk to the Plans. As of June 30, 2009, the fair value of these investments was $118,910,000 and $4,088,000, respectively.

The State Treasurer's Office manages the Local Government Investment Pool. The State Treasurer's investment policies state that no direct investment by the Pool may have a maturity date of more than 13 months after its acquisition.

Credit Risk. The investment policy of the System regarding credit risk is determined by each investment manager's mandate. The Local Government Investment Pool may invest in banker's acceptances and commercial paper rated only Tier 1 by at least one nationally recognized securities rating organization. As of June 30, 2009, the fiduciary funds' investments were rated by Standard and Poor's and/or an equivalent national rating organization and the ratings are presented below using the Standard and Poor's rating scale (amounts expressed in thousands).

Investment Type	Fair Value	Quality Rating	Percentage of Total Investments
U.S. Government agency obligations	$1,675,652	AAA	4.91%
U.S. Government agency obligations	558	AA	0.00
U.S. Government agency obligations	698	A	0.00
U.S. Government agency obligations	2,078	BBB	0.01
U.S. Government agency obligations	429	B	0.00
U.S. Government agency obligations	23,882	Unrated	0.07
Repurchase agreements-underlying securities	183,413	AAA	0.54
Money market mutual funds	1,614,598	AAA	4.74
Money market mutual funds	2,124,279	A	6.24
Money market mutual funds	16,225	Unrated	0.05
Bankers' acceptances	74,245	A1/P1	0.22
Commercial paper	217,065	AAA	0.64
Guaranteed investment contracts	728,896	AA	2.14
Guaranteed investment contracts	4,650	Unrated	0.01
Corporate bonds	200,966	AAA	0.58
Corporate bonds	123,379	AA	0.36
Corporate bonds	514,107	A	1.51
Corporate bonds	47,126	BAA	0.14
Corporate bonds	2,461	BA	0.01
Corporate bonds	474,804	BBB	1.39
Corporate bonds	155,834	BB	0.46
Corporate bonds	56,021	B	0.16
Corporate bonds	26,555	CAA	0.08
Corporate bonds	235	CA	0.00

Corporate bonds	57,816	CCC	0.17
Corporate bonds	676	CC	0.00
Corporate bonds	549	C	0.00
Corporate bonds	4,128	D	0.01
Corporate bonds	63,988	Unrated	0.19
International bonds	9,790	AAA	0.03
International bonds	410	AA	0.00
International bonds	13,766	A	0.04
International bonds	999	BBB	0.00
International bonds	1,786	BB	0.01
International bonds	5,338	B	0.02
International bonds	786	CCC	0.00
International bonds	625	CC	0.00
International bonds	5,852	Unrated	0.02
Other government bonds	74,626	AAA	0.22
Other government bonds	69,165	AA	0.20
Other government bonds	83,678	A	0.25
Other government bonds	22,215	BAA	0.07
Other government bonds	28	BA	0.00
Other government bonds	102,453	BBB	0.30
Other government bonds	14,792	BB	0.04
Other government bonds	8,798	B	0.03
Other government bonds	2,489	CAA	0.01
Other government bonds	305	CCC	0.00
Other government bonds	120	C	0.00
Other government bonds	1,529	D	0.00
Other government bonds	13,192	Unrated	0.04
Mortgage-backed securities	2,003,550	AAA	5.88
Mortgage-backed securities	9,710	AA	0.03
Mortgage-backed securities	15,152	A	0.04
Mortgage-backed securities	9,458	BAA	0.03
Mortgage-backed securities	7,585	BA	0.02
Mortgage-backed securities	14,372	BBB	0.04
Mortgage-backed securities	11,272	BB	0.03
Mortgage-backed securities	47,490	B	0.14
Mortgage-backed securities	27,671	CAA	0.08
Mortgage-backed securities	171	CA	0.00
Mortgage-backed securities	18,224	CCC	0.05
Mortgage-backed securities	5,579	CC	0.02
Mortgage-backed securities	65	C	0.00
Mortgage-backed securities	160	D	0.00
Mortgage-backed securities	35,267	Not rated	0.10
Asset-backed securities-other	81,038	AAA	0.24
Asset-backed securities-other	16,325	AA	0.05
Asset-backed securities-other	5,265	A	0.02
Asset-backed securities-other	10,428	BAA	0.03
Asset-backed securities-other	7,946	BA	0.02
Asset-backed securities-other	13,779	BBB	0.04
Asset-backed securities-other	6,425	BB	0.02
Asset-backed securities-other	9,273	B	0.03
Asset-backed securities-other	12,625	CAA	0.04
Asset-backed securities-other	191	CA	0.00
Asset-backed securities-other	2,543	CCC	0.01

Asset-backed securities-other	1,083	CC	0.00
Asset-backed securities-other	55	C	0.00
Asset-backed securities-other	8	D	0.00
Asset-backed securities-other	13,025	Not rated	0.04
Bond mutual funds	1,633,213	Not rated	4.79
Swaps	(1,702)	Not rated	0.00
Total	$12,845,301		37.70%

Foreign Currency Risk. The majority of the System's foreign currency-denominated investments are in equities, which the System's asset allocation policy limits to 15%.

The System's exposure to foreign currency risk as of June 30, 2009, is as follows (amounts expressed in thousands).

Currency	Equity	Fixed Income	Cash	Alternative Investments	Mutual Funds	Total
Australian dollar	$ 324,459	$ 410	$ 732	$ 46,167		$ 371,768
Brazilian real	22,202		235	1,208		23,645
Canadian dollar	403,533	434	1,874	5,446		411,287
Czech koruna	235		125			360
Danish krone	83,137		371			83,508
Egyptian pound	233					233
Euro currency	1,788,864	27,710	13,967	213,421		2,043,962
Hong Kong dollar	265,523		1,822	124,149		391,494
Hungarian forint			297			297
Indian rupee	5,126		19			5,145
Israeli shekel	572		44			616
Japanese yen	1,157,367	2,750	13,635	110,949		1,284,701
Malaysian ringgit	2,534		182			2,716
Mexican peso	9,674		11			9,685
New Taiwan dollar	4,601		9,612			14,213
New Turkish lira	4,439		2			4,441
New Zealand dollar	4,113	455	49			4,617
Norwegian krone	35,721		801			36,522
Philippine peso	348					348
Polish zloty	1,082		1			1,083
Pound sterling	1,083,455	10,646	4,389	100,806		1,199,296
Singapore dollar	82,134		208	16,068		98,410
South African rand	9,060		294			9,354
South Korean won	28,745		434			29,179
Swedish krona	147,349	616	655	3,515		152,135
Swiss franc	434,678		1,788	4,077		440,543
Thailand baht	1,513		58			1,571
Turkish lira	1,927					1,927
Multiple		874		76,194	$1,266,609	1,343,677
Total	$5,902,624	$ 43,895	$ 51,605	$ 702,000	$1,266,609	$ 7,966,733

4. *Investments - Component Units:*

Investment accounts established by higher education institutions relate principally to endowments and trust accounts required by debt instruments and are invested in accordance with the investment policies adopted by the Board of Trustees. In general, endowment

resources can be invested in debt and equity securities, and trust accounts can be invested only in debt securities. These investments include U.S. Treasury and agency obligations, corporate debt and equity securities, asset-backed securities and mutual funds that invest in government securities. The investments of the higher education foundations are not included in the GASB Statement No. 40 disclosures below because the foundations are not required to and do not follow the GASB.

In July 2005, one of the institutions, the University System of Maryland, transferred title to its endowment investments to its foundation in exchange for an equivalent proportionate interest in the long-term investment portfolio managed by the foundation. The agreement is for a term of five years, with renewable two-year extensions at the option of the institution, unless notice of intent to terminate the arrangement is provided prior to the expiration of the term. If the agreement is terminated, funds invested with individual investment managers that have commitments from the foundation to maintain investments for certain minimum time periods may not be returned to the institution until those constraints have been satisfied. For reporting purposes, the foundation's investments have been reduced by the amount of the institution's investments with the foundation.

The Maryland Stadium Authority is restricted by the trust indenture for each bond issue as to the investments which can be made. Authorized investments under the indentures include U.S. Treasury and agency obligations, municipal obligations, banker's acceptances, and repurchase agreements.

Investments of the component units are stated at fair value, which is based on quoted market prices.

The investments and maturities as of June 30, 2009, for the component units are as follows (amounts expressed in thousands).

		Investment Maturities (in Years)				
Investment Type	Fair Value	Less than 1	1-5	6-10	11-15	More than 15
U.S. Treasury obligations……	$ 27,905	$ 5,905	$14,725	$ 5,269		$ 2,006
U.S. Government agency obligations….	46,717	3,436	993	1,922	$4,167	36,199
Bond mutual funds……..……..	9,881	9,881				
Corporate debt securities……	96,695	4,434	31,133	21,639	1,598	37,891
Municipal bonds……..	5,234	1,540	454	744	849	1,647
Money market mutual funds……	210,235	210,235				
Total……..	$ 396,667	$235,431	$47,305	$29,574	$6,614	$ 77,743

In addition to the investments scheduled above, as of June 30, 2009, the component units' investments include the fair value of stock mutual funds, $157,345,000, corporate equity securities, $92,068,000, real estate, $17,854,000, and the share of assets invested with the foundation, $163,698,000.

Interest Rate Risk. The policy of the higher education institutions for managing their exposure to fair value loss arising from increasing interest rates is to comply with their investment policy, which sets maximum maturities for various fixed income securities.

Credit Risk. The policies of the higher education institutions for reducing their exposure to credit risk is to require minimum quality ratings for fixed income securities. The investment policy of the Maryland Prepaid College Trust requires the average rating in each portfolio to be "A" or better. The trust indenture for each bond issuance by the Maryland Stadium Authority requires money market investments to be rated in the highest category by two nationally recognized securities rating organizations.

As of June 30, 2009, the component units had the following investments and quality ratings (amounts expressed in thousands).

Investment Type	Fair Value	Rating	Rating Organization	Percentage of Total Investments
U.S. agencies	$ 3,955	AAA/Aaa	S&P & Moody's	0.48%
U.S. agencies	42,762	Not rated		5.17
Money market mutual funds	197,229	Aaa	Moody's	23.84
Money market mutual funds	13,006	Not rated		1.57
Bond mutual funds	9,881	Not rated		1.19
Corporate debt securities	14,748	AAA/Aaa	S&P & Moody's	1.78
Corporate debt securities	8,078	AA/Aa	S&P & Moody's	0.98
Corporate debt securities	25,615	A	S&P & Moody's	3.09
Corporate debt securities	37,104	Less than A	Moody's	4.48
Corporate debt securities	99	BBB	S&P & Moody's	0.01
Corporate debt securities	11,051	Not rated		1.34
Municipal bonds	5,234	Aaa	Moody's	0 .63
Total	$ 368,762			44.56%

Concentration of Credit Risk. The component units place no limit on the amount they may invest in U.S. Government issuers.

In addition to the Maryland Prepaid College Trust, the College Savings Plans of Maryland consists of the Maryland College Investment Plan, a fiduciary component unit. As of June 30, 2009, the Plan has $1,480,240,000 of investments held in trust for individuals and organizations.

C. Securities Lending Transactions:

1. Governmental and Enterprise Fund Types:

Under Section 2-603 of the State's Finance and Procurement Article, the State lends U.S. Government securities to broker-dealers and other entities (borrowers). The State Treasurer's Office controls the program and authorizes all transactions. These transactions may involve certain investments held in the State treasury for the benefit of State agencies. The State's custodial bank manages the securities lending program by contracting with a lending agent who receives cash as collateral. The lending agent may use or invest cash collateral in accordance with the reinvestment guidelines approved by the State Treasurer's Office. Additionally, under the terms of the lending agreement, the lending agent indemnifies the State against any credit loss arising from investment of the collateral. The collateral will be returned for the same securities in the future. Cash collateral is initially pledged at greater than the market value of the securities lent and additional cash collateral has to be provided by the next business day if the aggregate value of the collateral falls to less than 100 percent of the market value of the securities lent.

Securities on loan at year-end are owned by the general fund and the Maryland State Lottery Agency and are included in the preceding Investments Schedule in 3.B. At year-end, the State has no credit risk exposure to borrowers because the amounts the State owes the borrowers exceed the amounts the borrowers owe the State. As of June 30, 2009, the fair value of the loaned securities and the related collateral were as follows (amounts expressed in thousands).

	Fair Value		
	Lent Securities	Collateral Received	Percent Collateralized
Securities-General fund	$ 30,025	$ 30,375	101.2%
Securities-Lottery Agency	100,169	100,747	100.6
Total	$ 130,194	$ 131,122	100.7%

Either the State or the borrower may terminate the lending agreements on demand. Lending agreements are usually short in duration. The duration of lending agreements is matched with the term to maturity of the investment of the cash collateral by investing

only in repurchase agreements. Such matching existed at year-end. Investments made with cash received as collateral are included in the preceding Investments-Governmental Funds Schedule in 3.B.1.

The State's custodial bank is obligated to indemnify the State against liability for any suits, actions or claims of any character arising from or relating to the performance of the bank under the contract, except for liability caused by acts or omissions of the State.

The State did not experience any losses on their securities lending transactions for the year ended June 30, 2009.

2. Fiduciary Funds:

The Pension Trust Funds (Funds) participate in a securities lending program as permitted by the investment policies as approved by the Board of Trustees. The Funds' custodian lends specified securities to independent brokers in return for collateral of greater value. The preceding Investments – Fiduciary Funds Schedule in 3.B.3 includes (1) securities lent at year-end for cash collateral; (2) securities lent for securities collateral; and (3) investments purchased with cash collateral.

Borrowing brokers must transfer in the form of cash or other securities, collateral valued at a minimum of 102% of the fair value of domestic securities and international fixed income securities, or 105% of the fair value of international equity securities on loan. Collateral is marked to market daily. If the fair value of the pledged collateral falls below the specified levels, additional collateral is required to be pledged by the close of the next business day. In the event of default by a borrowing broker, the Funds' custodial bank is obligated to indemnify the Funds if, and to the extent that, the fair value of collateral is insufficient to replace the lent securities. The Funds have not experienced any loss due to credit or interest rate risk on securities lending activity since inception of the program. As of June 30, 2009, the Funds had no credit risk exposure to borrowers because the fair value of collateral held for securities lent exceeded the fair value of the related securities, as follows (amounts expressed in thousands).

Securities Lent	Fair Value	Cash Collateral Received or Non-Cash Collateral Value	Percent Collateralized
Lent for cash collateral:			
Fixed income securities	$ 2,013,727	$ 2,056,772	102.1%
Domestic equities	2,017,223	2,078,176	103.0
International equities	829,560	882,184	106.3
Subtotal	4,860,510	5,017,132	
Lent for noncash collateral:			
Fixed income securities	238	241	101.3
Domestic equities	6,167	7,253	117.6
International equities	600		
Total securities lent	$ 4,867,515	$ 5,024,626	103.2%

During fiscal year 2009, the Funds maintained the right to terminate securities lending transactions upon notice. Cash collateral is invested in one of the lending agent's short-term investment pools, which as of June 30, 2009, had a weighted average maturity of 50 days and an average expected maturity of 52 days. Because the relationship between the maturities of the investment pools and the Fund's security loans is affected by the maturities of the loans made by other entities that use the agent's pools, the Funds cannot match maturities. The Funds cannot pledge or sell collateral securities received unless and until a borrower defaults.

4. Receivables:

Taxes receivable, as of June 30, 2009, consist of the following (amounts expressed in thousands).

	Major Governmental Funds			Total
	General	Special Revenue	Non-Major Governmental Funds	Governmental Funds
Income taxes	$ 414,057			$ 414,057
Sales and use taxes	369,396			369,396
Transportation taxes, principally motor vehicle fuel and excise		$74,982		74,982
Other taxes, principally alcohol and property	53,130		$ 25,239	78,369
Less: Allowance for uncollectibles	26,378			26,378
Taxes receivable, net	$ 810,205	$ 74,982	$ 25,239	$ 910,426

Tax revenues are reported net of uncollectible amounts. Total uncollectible amounts related to tax revenues of the current period are $3,622,000.

Other accounts receivable in the governmental funds of $524,729,000, including $93,224,000 due in excess of one year, consist of various miscellaneous receivables for transportation costs, collection of bills owed to the State's collection unit, Medicaid reimbursements, and child support and public assistance overpayments and surcharges.

Other accounts receivable for the enterprise funds of $233,845,000, primarily consist of $124,763,000 due to the Maryland Unemployment Trust Fund from employers and for benefit overpayments, and $27,607,000, due to the Maryland State Lottery Agency for lottery ticket sale proceeds.

5. Deferred Revenue:

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds, enterprise funds and component units also defer revenue recognition in connection with resources that have been received, but not yet earned.

As of June 30, 2009, the various components of deferred revenue reported in the governmental funds and enterprise funds were as follows (amounts expressed in thousands).

	Unavailable	Unearned	Total
Tax receivables for revenues not considered available to liquidate liabilities of the current period (general fund)	$165,555		$165,555
Other receivables for revenues not considered available to liquidate liabilities of the current period (general fund)	222,545		222,545
Other receivables for revenues not considered available to liquidate liabilities of the current period (special revenue fund)	39,498		39,498
Other receivables for revenues not considered available to liquidate liabilities of the current period (other governmental funds)	55		55
Receipts that have been received, but not earned (general fund)		$315,094	315,094
Revenue in connection with resources that have been received, but not earned (special revenue fund)		12,917	12,917
Revenue in connection with resources that have been received, but not earned (enterprise funds)		22,942	22,942
Total deferred/unearned revenue for governmental funds and enterprise funds	$427,653	$350,953	$778,606

6. Loans and Notes Receivable and Investment in Direct Financing Leases:

A. Loans and Notes Receivable:

Loans and notes receivable, as of June 30, 2009, consist of the following (amounts expressed in thousands).

	Primary Government				Component Units		
	General	Special Revenue Department of Transportation	Non-major Governmental Funds	Enterprise	Higher Education	Stadium Authority	Other
Notes receivable:							
Political subdivisions:							
Water quality projects			$ 3,286	$ 863,718			
Public school construction		$ 2,644	285				
Other			21				
Volunteer fire & rescue companies	$ 8,537						
Permanent mortgage loans				3,133,632			
Student and health profession loans					$79,603		
Shore erosion loans	5,053						
Other	173				5,848	$ 4,156	$ 886
Total	13,763	2,644	3,592	3,997,350	85,451	4,156	886
Less: Allowance for possible loan losses				253,806	12,922		49
Loans and notes receivable, net	13,763	2,644	3,592	3,743,544	72,529	4,156	837
Due within one year	2,069	1,178	532	129,440	8,564	325	143
Due in more than one year	$11,694	$ 1,466	$ 3,060	$3,614,104	$63,965	$ 3,831	$ 694

Certain notes receivable for advances of general obligation bond proceeds bear interest at rates ranging from 4.4% to 8.8% and mature within 24 years.

Water quality project loans consist of loans to various local governments and other governmental entities in the State for wastewater and drinking water projects under the United States Environmental Protection Agency's (EPA) Capitalization Grants for State Revolving Funds' Federal assistance program. The permanent mortgage loans consist of financing for single and multi-family projects, rental projects, small businesses, industrial sites and various other purposes. Student and health profession loans are made pursuant to student loan programs funded through the U.S. Government.

B. Investment in Direct Financing Leases:

Enterprise Funds:

As of June 30, 2009, the Maryland Transportation Authority (Authority) has direct financing leases with the State's Department of Transportation, the Washington Metropolitan Area Transit Authority (WMATA), and the general fund. The present value of the direct financing leases as of June 30, 2009, was $423,948,000. As of June 30, 2009, the Authority held $47,109,000 to be spent to complete assets under these direct financing leases. Lease payments receivable, including unearned interest for each of the five succeeding fiscal years and thereafter, including repayment of amounts to be spent, consist of the following (expressed in thousands).

2010	$23,989
2011	25,024
2012	26,189
2013	27,294
2014	28,484

2015-2019	95,223
2020-2024	107,438
2025-2029	97,110
2030-2034	36,300
Total	467,051
Unearned interest income	4,006
Total lease payments	471,057
Restricted investments related to unexpended bond proceeds	47,109
Net investments in direct financing leases	$423,948

Component Units:

As of June 30, 2009, the Maryland Stadium Authority (Authority) has direct financing leases with the State. The present value of the direct financing leases as of June 30, 2009, is $244,514,000. As of June 30, 2009, the Authority held $8,256,000 to be spent to complete assets under these direct financing leases. Lease payments receivable, including unearned interest for each of the five succeeding fiscal years and thereafter, including repayment of amounts to be spent, consist of the following (expressed in thousands).

2010	$ 31,603
2011	31,691
2012	31,861
2013	31,865
2014	31,944
2015-2019	129,879
2020-2024	64,605
2025-2029	13,867
Total	367,315
Less: Unearned interest income	114,545
Net lease payments	252,770
Restricted investments related to unexpended bond proceeds	8,256
Net investments in direct financing leases	$ 244,514

7. Restricted Assets:

Certain assets of the governmental activities, business-type activities and component units are classified as restricted assets on the Statement of Net Assets. The purpose and amount of restricted assets as of June 30, 2009, are as follows (amounts expressed in thousands).

Amount	Purpose
Governmental Activities:	
$38,413	Represents money restricted for completion of transportation construction projects maintained in a trust account per Certificates of Participation agreements
7,008	Represents investments restricted for debt service payments according to bond agreements
10,392	Represents sinking fund deposits restricted for redemption of term bonds
1,430	Represents certificates of deposit linked to funds loaned under the State's housing loan program
$57,243	

Business-type Activities:

$3,518,366	Assets of the Community Development Administration and the State Funded Loan Programs are restricted for various mortgage loans for low-income housing and local governments' public facilities
731,425	The purpose of the restricted assets is to secure the revenue bonds of the Maryland Water Quality Administration made for waste-water treatment systems and bay restoration
493,807	Restricted assets represent deposits with the U.S. Treasury to pay unemployment compensation benefits in accordance with Federal statute
175,669	This cash is held in separate annuity contracts and coupon bonds in the Maryland State Lottery Agency for winning lottery ticket payouts and escrow deposits from video lottery terminal license applicants
727,790	Cash and investments have been restricted in accordance with revenue bond debt covenants of the Maryland Transportation Authority for completion of capital projects and debt service
$5,647,057	

Component Units:

$173,365	Restricted assets of higher education include funds held by the trustee for future construction projects and to pay debt service, cash restricted for endowment purposes and assets associated with student loans and loan repayments
8,882	Restricted assets of Maryland Stadium Authority include cash and investments that relate to revenue bond indentures and master equipment lease financing agreements
8,993	Restricted assets include investments that relate to revenue bond indentures and to restricted project advances for the provision of water supply and waste-water treatment by the Maryland Environmental Service
$191,240	

8. Interfund Receivables and Payables:

Interfund balances, as of June 30, 2009, consist of the following (amounts expressed in thousands).

Receivable Fund	Payable Fund	Amount
General Fund	Special Revenue Fund	$ 9,407 (a)
	Enterprise Funds -	
	Economic Development Loan Programs	3,418 (b)
	Maryland State Lottery Agency	43,748 (a)
	Non-major enterprise funds	1,407 (c)
		$57,980
Special Revenue Fund	General Fund	$ 77,704 (d)
	Enterprise Funds -	
	Maryland Transportation Authority	32,276 (e)
		$109,980
Enterprise Funds –		
Economic Development Loan Programs	General Fund	$ 20,557 (g)
Unemployment Insurance Program	General Fund	2,606 (g)
Maryland Transportation Authority	Special Revenue Fund	5,643 (f)
		$ 28,806

The receivable and payable transactions between the Primary Government and Component Units, as of June 30, 2009, consist of the following (amounts expressed in thousands).

Receivable Fund	Payable Fund	Amount
General Fund	Higher Education Fund	$ 921
Component Units -		
Maryland Stadium Authority	General Fund	$3,264

(a) The amounts represent monies collected by the special revenue fund and the Maryland State Lottery in June, 2009, and paid to the general fund in July, 2009.
(b) The amount represents short term advances from the general fund for principal and interest payments.
(c) The non-major enterprise funds received a loan from the State's general fund to finance the acquisition of the Department of Public Safety's laundry services.
(d) The amount represents income tax subsidies and return of health insurance costs from the general fund.
(e) The Maryland Transportation Authority collects fees for the special revenue fund. The money will be used to build and maintain special revenue fund infrastructure, structures and other improvements.
(f) The Maryland Transportation Authority lent funds to the special revenue fund for a construction project at the Seagirt Marine Terminal. The balance outstanding as of June 30, 2009, was $5,643,000. Payments will continue for 33 years after completion of the project.
(g) These amounts represent receivable balances from general fund subsidies.

All interfund balances except for (c) and (f), above, are expected to be repaid by June 30, 2010.

9. Interfund Transfers:

Interfund transfers, for the year ended June 30, 2009, consist of the following (amounts expressed in thousands).

Transfers In	Transfers Out	Amount
General Fund	Special Revenue Fund	$ 84,609
	Non-major Governmental Funds	8,591
	Enterprise Funds -	
	Maryland State Lottery Agency	493,206
	Economic Development Loan Programs	13,625
	Unemployment Insurance Program	2,714
		$602,745
Special Revenue Fund	General Fund	$373,638
Non-major Governmental Funds	General Fund	$ 89,875
	Special Revenue Fund	136,730
		$226,605
Enterprise Funds -		
Loan Programs	General Fund	$ 11,265
	Non-major Governmental Funds	7,086
Maryland Transportation Authority	Special Revenue Fund	30,000
		$ 48,351

Transfers are primarily used to 1) transfer revenues from the fund required by statute or budget to collect the revenue to the fund required by statute or budget to expend them, 2) transfer receipts restricted to debt service from the funds collecting the receipts to the non-major governmental funds as debt service payments become due, and 3) provide unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. In addition, the non-major governmental funds transferred $1,978,000 of interest earned on bonds, $445,000 for expenses for bond sales, $425,000 return of funds for rescinded pay-as-you-go capital projects, $5,653,000 of Shore Erosion loan repayments and $90,000 for the return of capital asset sales proceeds to the general fund. The general fund transferred $89,875,000 for program open space capital projects to the non-major governmental funds. The special revenue fund transferred $136,730,000 for redemptions and interest on transportation bonds.

The Maryland State Lottery transferred revenue in excess of funds allocated to prize awards, operating expenses and capital expenditure payments in the amount of $493,206,000, to the general fund. The general fund transferred $11,265,000 to support the operations of Enterprise Funds – Loan Programs, and the Enterprise Funds – Loan Programs transferred $13,625,000 of unused funds to the general fund. The Unemployment Insurance Program transferred $2,714,000 of unused proceeds to the general fund. The special revenue fund also transferred $30,000,000 to the Enterprise Fund – Maryland Transportation Authority for design, planning and land purchases for the Inter-County Connector Project. Expenditures for capital projects of $7,086,000 were transferred to Enterprise Funds – Loan Programs.

During the year, the general fund and other governmental funds had expenditures of $1,631,983,000, and $245,911,000, respectively, that were for funds provided to supplement revenues and construction costs, respectively, of the higher education component units. The general fund also had net expenditures of $18,692,000 that were for funds provided to supplement revenues of the Maryland Stadium Authority. The general fund transferred $22,227,000 to the non-major component unit, the Maryland Technology Development Corporation, for Maryland Stem Cell Research and other operating grants.

10. Capital Assets:

A. Capital Assets, Primary Government:

Capital assets activity by asset classification net of accumulated depreciation, for the year ended June 30, 2009, was as follows (amounts expressed in thousands).

Governmental activities:

Classification	Balance June 30, 2008	Additions	Deletions	Transfers In/Out	Balance June 30, 2009
Capital assets, not being depreciated,					
Land and improvements	$ 2,877,333	$ 144,153	$ 34,295	$ 8,107	$ 2,995,298
Art and historical treasures	27,795				27,795
Construction in progress	3,215,853	816,452	44,433	(532,144)	3,455,728
Total capital assets, not being depreciated	6,120,981	960,605	78,728	(524,037)	6,478,821
Capital assets, being depreciated,					
Structures and improvements	5,666,984	213,615	90,507	53,285	5,843,377
Equipment	2,454,191	53,778	48,763	87,071	2,546,277
Infrastructure	16,139,363	411,627	28,875	383,681	16,905,796
Total capital assets, being depreciated	24,260,538	679,020	168,145	524,037	25,295,450
Less accumulated depreciation for,					
Structures and improvements	2,138,424	170,359	6,243		2,302,540
Equipment	1,648,416	148,188	38,471		1,758,133
Infrastructure	7,782,606	674,226	8,476		8,448,356
Total accumulated depreciation	11,569,446	992,773	53,190		12,509,029
Total capital assets, net	$ 18,812,073	$ 646,852	$ 193,683	$ -	$ 19,265,242

Business-type activities:

Classification	Balance June 30, 2008 as Restated	Additions	Deletions	Balance June 30, 2009
Capital assets, not being depreciated,				
Land and improvements	$ 351,296	$ 46,465	$ 1,911	$ 395,850
Construction in progress	846,024	627,378	92,209	1,381,193
Total capital assets, not being depreciated	1,197,320	673,843	94,120	1,777,043
Capital assets, being depreciated,				
Structures and improvements	45,755	230	95	45,890
Equipment	84,947	8,866	8,291	85,522
Infrastructure	2,461,418	89,459	6,642	2,544,235
Total capital assets, being depreciated	2,592,120	98,555	15,028	2,675,647
Less accumulated depreciation for,				
Structures and improvements	20,418	975		21,393
Equipment	58,600	5,625	8,282	55,943
Infrastructure	1,133,190	41,753	6,369	1,168,574
Total accumulated depreciation	1,212,208	48,353	14,651	1,245,910
Total capital assets, net	$2,577,232	$724,045	$94,497	$3,206,780

B. Depreciation Expense, Primary Government:

The depreciation expense for the year ended June 30, 2009, for the primary government was charged as follows (amounts expressed in thousands).

Governmental activities:

Function	Amount
General government	$ 35,598
Education	5,849
Human resources	9,918
Health and mental hygiene	7,363
Environment	487
Public safety	46,611
Housing and community development	221
Natural resources and recreation	16,521
Transportation	854,746
Agriculture	12,777
Labor, licensing and regulation	422
Judicial	2,260
Total depreciation expense – governmental activities	$ 992,773

Business-type activities:

Function	Amount
State Lottery	$ 649
Transportation Authority	46,216
Maryland Correctional Enterprises	1,467
Economic Development Loan Programs	21
Total depreciation expense - business type activities	$ 48,353

11. Long-Term Obligations:

A. Governmental Activities:

Changes in governmental activities' long-term debt, for the year ended June 30, 2009, are as follows (amounts expressed in thousands).

	Balance June 30, 2008, as Restated	Additions	Reductions	Balance June 30, 2009	Amounts Due Within One Year
Bonds and Notes Payable:					
General obligation bonds	$ 5,493,830	$ 911,363	$ 531,550	$ 5,873,643	$482,754
Transportation bonds	1,268,815	390,000	76,210	1,582,605	77,595
Deferred amounts:					
Issuance premiums	438,681	86,786	50,902	474,565	
On refunding	(45,953)	(2,389)	(10,940)	(37,402)	
Total bonds and notes payable	7,155,373	1,385,760	647,722	7,893,411	560,349
Other Liabilities:					
Compensated absences	276,372	190,724	159,214	307,882	168,794
Self insurance costs	317,699	984,257	982,578	319,378	111,601
Escheat property	35,007		35,007		
Net pension obligation	800,015	219,197	2,595	1,016,617	
Net other post employment benefits obligation	695,921	1,148,597	366,388	1,478,130	
Obligations under capital leases	883,970	26,096	61,858	848,208	65,158
Obligations under capital leases with component units	265,767	1,849	17,209	250,407	18,087
Pollution remediation	177,868	3,321	1,217	179,972	336
Total other liabilities	3,452,619	2,574,041	1,626,066	4,400,594	363,976
Total long-term liabilities-governmental activities	$10,607,992	$3,959,801	$2,273,788	$12,294,005	$924,325

General Obligation Bonds -

General obligation bonds are authorized and issued primarily to provide funds for State owned capital improvements, facilities for institutions of higher education and the construction of public schools in political subdivisions. Bonds have also been issued for local government improvements, including grants and loans for water quality improvement projects and correctional facilities, and to provide funds for loans or outright grants to private, not-for-profit cultural or educational institutions. Under constitutional requirements and practice, the Maryland General Assembly, by a separate enabling act, authorizes loans for particular objects or purposes. Thereafter, the Board of Public Works, a constitutional body comprised of the Governor, the Comptroller and the State Treasurer, by resolution, authorizes the issuance of bonds in specified amounts. Bonds are issued and accounted for on a "cash flow" basis rather than a "project" basis and are not sold to specifically fund an enabling act. General obligation bonds are subject to arbitrage regulations. However, there are no major outstanding liabilities in connection with these regulations as of June 30, 2009. Bonds issued after January 1, 1988, are subject to redemption provisions at the option of the State.

General obligation bonds, which are paid from the general obligation debt service fund, are backed by the full faith and credit of the State and, pursuant to the State Constitution, must be fully paid within 15 years from the date of issue. Property taxes, debt service fund loan repayments and general fund and capital projects fund appropriations provide the resources for repayment of general obligation bonds. During fiscal year 2009, the State issued $911,363,000 of general obligations at a premium of $74,147,000 with related issuance costs of $3,365,000.

Included in bond issuances were $65,800,000 to refund certain outstanding general obligation bonds issued between 1999 and 2001. From the refunding bonds and related premium of $3,633,000, $69,213,000 was transferred to an escrow account and used to purchase U.S. Government securities. These securities will be used to secure the principal, call premium, and interest related to the refunded bonds. The interest rates on the refunded bonds range from 4.3% to 5.8%. The purpose of the refunding was to realize savings on debt service costs. The aggregate difference in debt service between the refunded debt and the refunding debt is $2,548,000. The economic gain on the transaction, that is, the difference between the present value of the debt service streams for the refunding debt and refunded debt, is $2,909,000.

Refunded bonds of $149,565,000 maturing in fiscal years 2011-2016 and callable in fiscal years 2010-2011 were considered defeased as of June 30, 2009. Accordingly, the trust account assets and the liability for the defeased bonds are not included in these financial statements.

General obligation bonds issued and outstanding, as of June 30, 2009, are as follows (amounts expressed in thousands).

Issue	Maturity	Interest Rates	Annual Principal Installments	Principal Issued	Principal Outstanding
7/22/98	2002-2014	5.0-5.3%	$ 20,855	$250,000	$ 20,855
3/11/99	2002-2014	4.0-4.5	18,620	225,000	18,620
7/29/99	2003-2015	4.3-5.3	9,910	125,000	9,910
8/3/00	2004-2016	5.1-5.8	15,100-15,900	200,000	31,000
3/8/01	2004-2016	4.0-5.5	15,105-20,535	200,000	123,935
7/26/01	2005-2017	5.0-5.5	14,410-20,285	200,000	137,610
11/21/01	2016	0 (b)	18,098	18,098	18,098
3/21/02(a)	2003-2017	4.0-5.5	15,180-31,050	309,935	152,765
8/15/02(a)	2003-2018	3.0-5.5	16,000-33,865	515,830	187,795
3/6/03(a)	2006-2018	5.0-5.3	34,540-49,830	500,000	373,750
8/5/03	2007-2019	5.0	32,400-50,815	500,000	409,970
8/10/04	2008-2020	5.0	24,755-40,820	400,000	354,055
10/21/04 (a)	2005-2016	5.0	18,495-108,620	574,655	377,740
11/30/04	2020	0 (b)	9,043	9,043	9,043
3/17/05 (a)	2006-2020	4.0-5.3	29,195-105,235	631,185	576,120
8/11/05	2009-2021	4.3-5.0	29,235-43,820	450,000	421,785
3/23/06	2009-2021	4.0-5.0	20,865-27,955	300,000	279,865
8/10/06	2010-2022	4.3-5.0	20,330-34,870	350,000	350,000
12/20/06	2022	0 (b)	4,378	4,378	4,378
3/15/07	2010-2022	5.0	18,520-31,975	325,000	325,000
8/16/07	2011-2023	5.0	21,000-38,265	375,000	375,000
12/18/07	2023	0 (b)	4,986	4,986	4,986
3/12/08	2011-2023	4.0-5.0	22,585-40,555	400,000	400,000
7/28/08	2012-2024	5.0	24,365-41,705	415,000	415,000
12/16/08	2010-2021	1.6 (b)	5,563	5,563	5,563
3/16/09 (a)	2011-2024	2.0-5.0	1,860-28,865	490,800	490,800
				$7,779,473	$5,873,643

(a) Includes refunding debt
(b) Qualified Zone Academy Bonds for which the purchaser receives Federal tax credits each year the bonds are outstanding

General obligation bonds authorized, but unissued, as of June 30, 2009, total $2,328,351,000.

As of June 30, 2009, general obligation debt service requirements for principal and interest in future years are as follows (amounts expressed in thousands).

Years Ending June 30,	Principal	Interest
2010	$ 482,754	$ 283,291
2011	514,724	260,083
2012	541,809	233,481
2013	523,654	206,259
2014	487,144	179,838
2015-2019	2,219,640	543,450
2020-2024	1,103,918	109,837
Total	$5,873,643	$1,816,239

Subsequent to June 30, 2009, on August 18, and November 3, 2009, general obligation bonds aggregating $685,000,000 were issued for capital improvements. Serial bonds in the amount of $635,000,000 with interest rates ranging from 2.0% to 5.3% mature through 2025. Term bonds in the amount of $50,000,000 with an interest rate of 4.6% mature in 2025.

Of these bonds, $108,200,000 were issued as federally taxable Build America Bonds under the America Recovery and Reinvestment Act of 2009 (ARRA). Under ARRA, the State receives a subsidy payment from the federal government equal to 35% of interest payments.

Transportation Bonds -

Transportation bonds outstanding as of June 30, 2009, are as follows (amounts expressed in thousands).

	Outstanding
Consolidated Transportation Bonds – 3.0% to 5.5%, due serially through 2024 for state transportation activity	$1,509,555
Consolidated Transportation Bonds, Refunding – 4.0% to 5.0%, due serially through 2014 for state transportation activity	73,050
Total	$1,582,605

Consolidated Transportation Bonds are limited obligations issued by the Maryland Department of Transportation (Department) for highway, port, airport, rail, or mass transit facilities, or any combination of such facilities. The principal must be paid within 15 years from the date of issue.

As provided by law, the General Assembly shall establish in the budget for any fiscal year a maximum outstanding aggregate amount of these Consolidated Transportation Bonds as of June 30 of the respective fiscal year that does not exceed $2,600,000,000 through June 30, 2009, and thereafter. The aggregate principal amount of those bonds that was allowed to be outstanding as of June 30, 2009, was $1,620,850,000. The aggregate principal amount of Consolidated Transportation Bonds outstanding as of June 30, 2009, was $1,582,605,000. Consolidated Transportation Bonds are paid from the transportation debt service fund. Principal and interest on Consolidated Transportation Bonds are payable from the proceeds of certain excise taxes levied by statute and a portion of the corporate income tax credited to the Department. These amounts are available to the extent necessary for that exclusive purpose before being available for other uses by the Department. If those tax proceeds become insufficient to meet debt service requirements, other receipts of the Department are available for that purpose. The holders of such bonds are not entitled to look to other State resources for payment.

Under the terms of the authorizing bond resolutions, additional Consolidated Transportation Bonds may be issued, provided, among other conditions, that (1) total receipts (excluding Federal funds for capital projects, bond and note proceeds, and other receipts not available for debt service), less administration, operation and maintenance expenses for the preceding fiscal year, equal at least two times the maximum annual debt service on all Consolidated Transportation Bonds outstanding and to be issued, and that (2) total proceeds from pledged taxes equal at least two times the maximum annual debt service on all Consolidated Transportation Bonds outstanding and to be issued.

The 2008 session of the General Assembly established a maximum outstanding principal amount of $693,800,000 as of June 30, 2009, for all nontraditional debt of the Department. Nontraditional debt outstanding is defined as any debt instrument that is not a Consolidated Transportation Bond or GARVEE bond (tax-exempt debt backed by annual federal appropriations for federal-aid transportation projects). This debt includes certificates of participation, debt backed by customer facility charges, passenger facility charges, or other revenues, and debt issued by the Maryland Economic Development Corporation or any other third party on behalf of the Department. As of June 30, 2009, the Department's nontraditional debt outstanding was $707,324,000 and is reported as obligations under capital leases and includes funds held by the bond trustee under these agreements.

Arbitrage regulations are applicable to the transportation bonds payable. The Department estimates there are no material liabilities for arbitrage rebates as of June 30, 2009.

During fiscal year 2009, the Department issued $390,000,000 of Consolidated Transportation Bonds at a premium of $12,639,000, with maturities ranging from September 1, 2011, to May 15, 2024, with interest rates ranging from 3.0% to 5.0%.

As of June 30, 2009, Department bond debt service requirements for principal and interest in future years are as follows (amounts expressed in thousands).

Years Ending June 30,	Consolidated Transportation Bonds	
	Principal	Interest
2010	$77,595	$73,359
2011	83,170	69,972
2012	102,845	66,010
2013	106,540	61,247
2014	127,820	55,875
2015-2019	707,780	178,867
2020-2024	376,855	45,505
Total	$1,582,605	$550,835

Obligations Under Capital Leases -

Obligations under capital leases as of June 30, 2009, bore interest at annual rates ranging from 0.9% to 6.7%. Capital lease obligations with third parties in fiscal year 2009 increased by $26,096,000 for master equipment and building leases entered into by the general fund and include leases for various transportation related projects entered into by the Maryland Department of Transportation. The capital leases with component units include the general fund's capital leases with the Maryland Stadium Authority, which are being paid with the net proceeds transferred from certain Lottery games, and with other non-major component units. Following is a schedule of annual future minimum payments under these obligations, along with the present value of the related net minimum payments as of June 30, 2009 (amounts expressed in thousands).

Years Ending June 30,	Capital Lease Obligations with	
	Third Parties	Component Units
2010	$ 106,439	$ 33,823
2011	97,089	34,086
2012	91,904	33,248
2013	85,454	32,985
2014	83,906	33,095
2015-2019	327,627	131,177
2020-2024	286,919	64,605
2025-2029	197,174	13,867
2030-2034	56,878	
Total future minimum payments	1,333,390	376,886
Less: Amount representing interest	451,694	115,789
Less: Restricted cash and investments…	33,488	10,690
Present value of net minimum payments	$ 848,208	$ 250,407

The reduction shown for restricted cash and investments in the amounts of $33,488,000 and $10,690,000 is monies held by the bond trustee to be used primarily for construction expenditures.

The assets acquired through capital leases are as follows (amounts expressed in thousands).

Asset	Third Parties Amount
Construction in progress	$ 51,854
Land and improvements	19,103
Buildings and improvements	1,043,361
Machinery and equipment	296,637
Infrastructure	316,324
Total acquired assets	1,727,279
Less: Accumulated depreciation	458,150
Total capital assets - net	$1,269,129

Pollution Remediation Obligations -

The State has recognized a pollution remediation obligation on the statement of net assets for governmental activities. A pollution remediation obligation is a liability which addresses the current or potential detrimental effects of existing pollution and may include pre-cleanup activities (site assessment, feasibility study), cleanup activities (neutralization, containment, removal and disposal, site restoration), oversight and enforcement and post remediation monitoring.

Obligating events initiate the recognition of a pollution remediation liability. These events include any of the following.

(a) There is an imminent danger to the public.
(b) The State is in violation of a related permit or license.
(c) The State is identified as a responsible party or potentially responsible party (PRP) by a regulator.
(d) The State is named or has evidence that it will be named in a lawsuit.
(e) The State commences, or legally obligates itself to commence, pollution remediation activities.

The pollution remediation obligation is an estimate and subject to changes resulting from price increases or reductions, technology, or changes in applicable laws or regulations. The liability is recognized as it becomes estimable. In some cases, this may be at inception. In other cases, components of a liability (for example, legal services, site investigation or required post remediation monitoring) are recognized as they become reasonably estimable. At a minimum, the liability is reviewed for sufficiency when various benchmarks occur, such as receipt of an administrative order, participation as a responsible party or PRP in a site assessment, completion of a corrective measures feasibility study and issuance of an authorization to proceed, and as remediation is implemented and monitored.

Measurement of the liability is based on the current value of outlays expected to be incurred using the expected cash flow technique. This technique measures the liability as the sum of probability-weighted amounts in a range of possible estimated amounts - the estimated mean or average. Expected recoveries reduce the pollution remediation expense.

The pollution and remediation estimated liability is $691,252,000 with approximately $511,280,000 estimated recoveries from third parties to reduce the liability. Included in this liability are cost estimates for site monitoring and repair, excavation of road and infrastructure and replacement of buildings as a result of site contaminations by hazardous materials under federal and state law in the amount of $169,658,000. In these cases, either the State has been named in a lawsuit by a State regulator or the State legally obligated itself under the Environmental Article, Section 7-201, of the Annotated Code of Maryland.

The estimated liability also includes $9,028,000 for the clean-up of an illegal tire dump for which the State is legally obligated under the Environmental Article, Section 9-2 of the Annotated Code of Maryland. The State is also responsible for the removal and replacement of underground storage tanks and the monitoring of wells, in an estimated amount of $1,286,000, as a result of not complying with federal requirements under the Clean Water Act and the Resource Conservation Recovery Act.

The cost estimates and assumptions for the pollution remediation due to site contamination from hazardous materials are based on engineering design estimates. The cost estimates and assumptions for the tire dump clean-up are based on estimated unit cost of $325/ton based on historical data, fuel costs, specific site factors and adjusted by 3%-4% CPI.

No pollution remediation liability has been recognized for a former landfill on land owned by the highway department that has been identified for cleanup by the EPA. The EPA has invited the agency to participate in a PRP Group as owner-operator of the land. The agency has replied that it transferred the land in question to a local government. The State has not made a final commitment. Cleanup costs have yet to be determined.

For the governmental activities, compensated absences, self insurance, net pension obligations, net other post-employment benefits obligations, obligations under capital leases, and pollution remediation obligations are generally liquidated by the general or special revenue fund as applicable.

B. Long Term Obligations – Business-type Activities:

Changes in long-term obligations for business-type activities as of June 30, 2009, are as follows (amounts expressed in thousands).

	Balance June 30, 2008	Additions	Reductions	Balance June 30, 2009	Amounts Due Within One Year
Bonds Payable:					
Revenue bonds payable	$5,041,339	$656,411	$275,249	$5,422,501	$203,446
Other Liabilities:					
Lottery prizes	144,390	9,076	33,764	119,702	28,520
Escrow deposits	42,078	9,594	11,193	40,479	6,212
Rebate liability	12,666	1,208	3,768	10,106	2,018
Compensated absences	10,113	6,673	5,138	11,648	2,712
Self insurance costs	8,363	2,391	2,034	8,720	1,351
Obligations under capital leases	648	5,590	490	5,748	487
Total other liabilities	218,258	34,532	56,387	196,403	41,300
Total long-term liabilities-business type activities	$5,259,597	$690,943	$331,636	$5,618,904	$244,746

Debt service requirements for business-type activities' notes payable and revenue bonds to maturity are as follows (amounts expressed in thousands).

Years Ending June 30,	Community Development Administration		Maryland Water Quality Financing Administration		Maryland Transportation Authority	
	Principal	Interest	Principal	Interest	Principal	Interest
2010	$108,115	$131,144	$13,915	$6,076	$81,418	$106,711
2011	87,785	126,388	14,465	5,499	84,465	103,684
2012	84,230	122,932	15,660	4,890	88,058	100,249
2013	79,290	119,481	13,400	4,240	101,588	96,428
2014	83,910	116,073	13,470	3,760	114,957	91,810
2015-2019	444,109	523,703	32,535	13,266	570,743	377,330
2020-2024	362,555	431,065	33,180	5,447	283,500	255,389
2025-2029	333,740	347,180	4,010	176	261,160	186,614
2030-2034	474,105	256,199			246,120	127,052
2035-2039	551,390	149,708			229,405	59,358
2040-2044	291,935	56,926			144,909	8,625

2045-2049	57,805	6,252				
2050-2054	316	9				
Total	2,959,285	2,387,060	140,635	43,354	2,206,323	1,513,250
Discounts, premiums and other deferred costs	24,206		4,523		46,709	
Accumulated accreted interest					40,820	
Total	$2,983,491	$2,387,060	$145,158	$43,354	$2,293,852	$1,513,250

Community Development Administration (Administration) - Revenue Bonds:

The Administration, an agency of the Department of Housing and Community Development, has issued revenue bonds, proceeds of which were used for various mortgage loan programs. Assets aggregating approximately $3,517,631,000 and revenues of each mortgage loan program are pledged as collateral for the revenue bonds. Interest rates range from 1.9% to 6.8%, with the bonds maturing serially through June, 2049. The principal amount outstanding as of June 30, 2009, is $2,983,491,000. Substantially all bonds are subject to redemption provisions at the option of the Administration. Redemptions are permitted at rates ranging from 100% to 101% of the outstanding principal amount. During fiscal year 2009, the Administration issued $206,490,000 of revenue bonds with interest rates ranging from 1.9% to 6.8% and maturing serially through September, 2048.

The Administration issues short-term tax-exempt bonds to preserve its allocation of the state volume ceiling until the issuance of long-term bonds to finance mortgages. Bonds of 2007 Series L were issued in fiscal year 2008 and matured in fiscal year 2009.

The short-term debt that matured in fiscal year 2009 was in the Residential Revenue Bond Program Fund.

Short-term debt activity during fiscal year 2009 is as follows (amounts expressed in thousands).

Outstanding short-term debt as of June 30, 2008	$ 30,000
Issuance	
Retirements	(30,000)
Outstanding short-term debt as of June 30, 2009	$ _

Subsequent to June 30, 2009, the Administration issued a total of $40,000,000 and redeemed a total of $33,645,000, of revenue bonds.

Interest Rate Swaps:

Objective of the interest rate swap. As a means to lower its borrowing costs, when compared against fixed-rate bonds at the time of issuance, the Administration entered into interest rate swaps in connection with variable rate revenue bonds totaling $308,205,000. The intention of the swaps was to effectively change the Administration's variable interest rate on the bonds to fixed rates.

Terms. The bonds and the related swap agreements mature from September 1, 2025 through September 1, 2043, and the swaps' notional amount of $308,205,000 matches the amount of the variable rate bonds. Under the swap agreements, the Administration pays the counterparty a fixed payment of from 3.7% to 5.7% and receives a variable payment computed as either 64% of the London Interbank Offered Rate (LIBOR) plus .3% or 100% of LIBOR. Conversely, the bonds' variable rate is based on the Securities Industry and Financial Markets Association Rate.

Fair value. Because interest rates have generally decreased since execution of the swaps, the swaps have a fair value of ($29,455,000) as of June 30, 2009. The swaps' fair value may be countered by a decrease in total interest payments required under the variable rate bonds, creating a lower synthetic interest rate. Because the coupons on the Administration's variable rate bonds adjust to changing interest rates, the bonds do not have a corresponding fair value decrease. The fair value of the swaps is based on market value and is affirmed by an independent advisor who used valuation methods and assumptions in accordance with GASB Technical Bulletin No. 2003-1.

Credit risk. The fair value of the swaps represents the Administration's credit exposure to each counterparty as of June 30, 2009. The fair value of three swaps with one counterparty is ($6,925,000), the fair value of two swaps with a second counterparty is ($6,390,000) and the fair value of three swaps with a third counterparty is ($16,140,000). Therefore, the Administration is not exposed to credit risk as of June 30, 2009, because the swaps have a negative fair value. However, should the valuation of the swap change and the fair value turn positive, the Administration would be exposed to credit risk in the amount of the swap's fair value. The first counterparty is rated A by Standard & Poor's and Aa by Moody's, the second counterparty is rated A by Standard & Poor's and Fitch and Aa by Moody's, and the third counterparty is rated Aaa by Moody's and AAA by Standard & Poor's and Fitch. To mitigate the potential for credit risk, if the counterparties' credit quality falls below A, the fair value of the swaps will be fully collateralized by the counterparties.

Basis risk. The swaps would expose the Administration to basis risk should the relationship between LIBOR and the Securities Industry and Financial Markets Association Rate converge. If a change occurs that results in the rates moving to convergence, the expected cost savings may not be realized.

Termination risk. The Administration or the counterparty may terminate the swap if the other party fails to perform under the terms of the contract. The counterparty can terminate the contract if the ratings on the related bonds fall below the credit rating thresholds. If a swap is terminated, the underlying variable rate bonds may be exposed to rising interest rates. If at the time of such termination a swap has a negative fair value, the Administration would be liable to the counterparty for a payment equal to the swap's fair value along with any accrued interest.

Swap payments and associated debt. Using rates as of June 30, 2009, debt service requirements of the variable rate debt and net swap payments, assuming current interest rates remain the same for their term, are as follows (amounts expressed in thousands). As rates vary, variable rate bond interest payments and net swap payments will vary.

Years Ending	Hedged Variable Rate Bonds		Interest Rate	
June 30,	Principal	Interest	Swaps, Net	Total
2010	$ 3,990	$ 4,890	$ 13,053	$ 21,933
2011	110	4,214	12,642	16,966
2012		4,223	12,037	16,260
2013		4,204	11,479	15,683
2014		4,213	10,969	15,182
2015-2019	5,300	21,053	47,360	73,713
2020-2024	9,150	20,882	35,731	65,763
2025-2029	15,100	20,636	29,783	65,519
2030-2034	150,745	13,108	23,251	187,104
2035-2039	76,230	4,901	11,558	92,689
2040-2044	47,580	3,541	2,253	53,374
Total	$308,205	$105,865	$210,116	$624,186

Maryland Water Quality Financing Administration (Administration) - Revenue Bonds:

The Administration, an agency of the Department of Environment, has issued revenue bonds for providing loans and grants. Interest rates range from 3.3% to 4.1%, payable semiannually, with annual installments from $2,625,000 to $12,920,000 to March 1, 2025. The principal amount outstanding as of June 30, 2009, is $145,158,000. These bonds are payable solely from the revenue, money or property of the Administration.

Maryland Transportation Authority Bonds:

Bonds outstanding as of June 30, 2009, are as follows (amounts expressed in thousands).

Series 1992 Capital appreciation refunding and financing revenue bonds for the Authority's Transportation Facilities Projects maturing in annual installments of original principal ranging from $721 to $5,433 from July 1, 2009,

to July 1, 2015, with approximate yields to maturity of 6.3% to 6.4% and an accreted amount	$ 62,879
BWI Consolidated Car Rental Facility Revenue bonds, Series 2002, maturing in annual installments ranging from $2,035 to $64,755 from July 1, 2009, to July 1, 2032, with interest rates ranging from 5.5% to 6.7%, payable semiannually	107,890
BWI Parking Garage Revenue Bonds, Series 2002 A and B, maturing in annual installments ranging from $4,285 to $54,395 from March 1, 2010, to March 1, 2027, with interest rates ranging from 4.0% to 5.5% payable semiannually	229,590
BWI Facilities Projects Bonds, Series 2003, maturing in annual installments ranging from $9,500 to $11,200 from July 1, 2009, to July 1, 2013, with a current variable rate of .3%, payable semiannually	51,800
WMATA Metrorail Parking Projects Bonds, Series 2004, maturing in annual installments ranging from $1,150 to $7,955 from July 1, 2009, to July 1, 2028, with interest rates ranging from 4.0% to 5.0%, payable semiannually	36,785
Series 2004 Revenue bonds, for construction and improvement of Authority's Transportation Facilities projects, maturing in annual installments of $1,100 to $16,860 from July 1, 2009, to July 1, 2034, with interest rates ranging from 4.5% to 5.3% payable semiannually	157,955
Calvert Street Parking Project Revenue bonds, Series 2005, maturing in annual installments ranging from $615 to $2,775 from July 1, 2009, to July 1, 2032, with interest rates ranging from 3.4% to 5.0% payable semiannually	22,575
Grant and Revenue Anticipation Bonds, Series 2007 (GARVEE bonds), maturing in annual installments ranging from $22,275 to $34,390 from March 1, 2010, to March 1, 2019, with interest rates ranging from 3.6% to 5.0%, payable semiannually to finance the Intercounty Connector Highway Project	279,365
Series 2007 Revenue Bonds, for construction and improvement of Authority's Transportation Facilities projects, maturing in annual installments of $1,025 to $89,820 from July 1, 2012, to July 1, 2041, with interest rates ranging from 4.0% to 5.0% payable semiannually	300,000
Series 2008 Revenue Bonds, for construction and improvement of Authority's Transportation Facilities projects, maturing in annual installments of $8,885 to $103,340 from July 1, 2012, to July 1, 2041, with interest rates ranging from 4.8% to 5.1% payable semiannually	573,305
Grant and Revenue Anticipation Bonds, Series 2008 (GARVEE bonds), maturing in annual installments ranging from $30,295 to $48,865 from March 1, 2010, to March 1, 2020, with an interest rate of 4.3%, payable semiannually	425,000
Unamortized premium	46,708
Total	$2,293,852

Revenue bonds are payable solely from the revenues of the transportation facilities projects. Capital assets constructed from BWI facilities, WMATA Metrorail and the Calvert Street Parking Project are not capital assets of the Authority. Capital appreciation bonds payable as of June 30, 2009, include an accreted amount of $40,820,000.

The Authority is authorized to issue Grant and Revenue Anticipation Bonds (GARVEE Bonds) to a maximum amount of $750,000,000 to build the Intercounty Connector highway project to be built in Montgomery and Prince George's Counties, Maryland. Debt service on these bonds is payable from a portion of Maryland's future Federal highway aid and other pledged moneys. These bonds are not general obligations of the Authority or legal obligations of the Maryland Department of Transportation or the State. The Authority issued the second and final series of GARVEE bonds in fiscal year 2009 in the amount of $425,000,000.

Obligations Under Capital Leases -

Obligations of business-type activities under capital leases as of June 30, 2009, are as follows (amounts expressed in thousands).

Years Ending June 30,	State Lottery Agency
2010	$ 543
2011	1,286
2012	1,252

2013	1,217
2014	1,216
2015	607
Total minimum lease payments	6,121
Less: Imputed interest	373
Present value of net minimum lease payments	$5,748

The Lottery has entered into lease agreements for certain on-line gaming system equipment and a computer system. As of June 30, 2009, assets acquired under leases and the related accumulated amortization totaled $5,882,000 and $450,000, respectively, and are included in capital assets in the Statement of Net Assets, Business-type Activities.

C. Notes and Revenue Bonds Payable - Component Units:

Higher Education -

Certain State higher education institutions have issued revenue bonds for the acquisition, renovation, and construction of student housing and other facilities. Student fees and other user revenues collateralize the revenue bonds. Interest rates range from 2.0% to 6.1% on the revenue bonds.

Debt service requirements to maturity, excluding debt of the foundations in the amount of $8,596,000, are as follows (amounts expressed in thousands).

Years Ending	Notes Payable and Other Long-Term Debt		Revenue Bonds	
June 30,	Principal	Interest	Principal	Interest
2010	$ 2,815	$ 3,641	$ 74,588	$ 46,216
2011	2,968	3,506	71,286	44,164
2012	3,660	5,616	73,855	39,908
2013	5,277	3,987	64,040	36,901
2014	4,327	3,773	59,165	33,989
2015-2019	16,254	16,888	316,375	123,927
2020-2024	63,004	8,433	238,845	52,868
2025-2029			95,955	13,694
2030-2034			12,925	1,488
2035-2039			945	90
Total	98,305	45,844	1,007,979	393,245
Accumulated accreted interest and other deferred costs			29,500	
Total	$98,305	$45,844	$1,037,479	$393,245

The bonds issued are the debt and obligation of the issuing higher education institutions and are not a debt and obligation of, or pledge of, the faith and credit of the State.

As of June 30, 2009, higher education institutions have defeased debt outstanding of $140,779,000 resulting from the refunding of previously issued debt. Accordingly, the trust account assets and the liability for the defeased bonds are not included in these financial statements.

As of June 30, 2009, cash and cash equivalents and investments were held by the trustees for the higher education institutions in the amount of $142,246,000 for the University System of Maryland (System), $628,000 for St. Mary's College of Maryland, and $5,905,000 for Morgan State University.

On July 3, 2008, the System issued $29,070,000 of 2008 Refunding Series B Revenue Bonds to refund $28,880,000 of existing bonds at a premium of $621,000. The refunding bonds bear interest at 3.0% to 4.5% and mature from 2009 to 2016. The purpose of the

refunding was to realize savings on debt service costs. The aggregate difference in debt service between the refunded debt and the refunding debt is $1,418,000. The economic gain on the transaction, that is, the difference between the present value of the debt service streams for the refunding debt and refunded debt, is $1,019,000.

On June 26, 2009, the System issued $100,000,000 of 2009 Series A and B Revenue Bonds to finance new educational and auxiliary facilities and for renovations. The bonds bear interest at 3.0% to 6.0% and mature from 2010 to 2029. The bonds were issued with a $3,970,000 premium.

Obligations under capital leases of $11,400,000 exist as of June 30, 2009, bearing interest at annual rates ranging from 1.0% to 6.8%.

Maryland Stadium Authority (Authority) - Revenue Bonds:

Debt service requirements to maturity for Maryland Stadium Authority revenue bonds and notes payable are as follows (amounts expressed in thousands).

Years Ending June 30,	Principal	Interest
2010	$ 16,580	$ 15,473
2011	17,779	14,491
2012	18,936	13,496
2013	20,066	12,249
2014	21,393	11,001
2015-2019	95,244	36,433
2020-2024	53,650	10,955
2025-2026	12,615	1,252
Total	256,263	115,350
Unamortized discount net of unamortized premium	(14)	
Total	$256,249	$115,350

The Authority has issued various lease revenue bonds and notes to finance the construction of the baseball and football stadiums, convention center expansions in Baltimore City and the Town of Ocean City and certain other facilities. The outstanding debt is to be repaid through capital lease payments from the State, as the State has entered into capital lease arrangements for the use of the facilities financed with the debt proceeds.

As of June 30, 2009, the Authority had outstanding revenue bonds for the construction, renovation and expansion of certain facilities as follows (amounts expressed in thousands).

Facility	Outstanding Amount	Interest Rates	Maturity Date
Baseball Stadium	$107,299	Variable	December 15, 2019
Football Stadium	68,732	Variable	March 1, 2026
Baltimore City Convention Center	24,990	Variable	December 15, 2014
Ocean City Convention Center	8,644	4.8% to 5.4%	December 15, 2015
Hippodrome Performing Arts Center	16,300	5.0% to 6.3%	June 15, 2022
Montgomery County Conference Center..	18,911	2.0% to 5.0%	June 15, 2024
Camden Station	8,130	3.0% to 5.2%	December 15, 2024
Camden Yards Complex	3,243	5.6%	January 1, 2018
Total	$256,249		

12. Insurance:

The self-insurance liabilities represent the State's liability for its various self-insurance programs. The State is self-insured for general liability, property and casualty, workers' compensation, environmental and anti-trust liabilities and certain employee health benefits. Commercial insurance coverage is purchased for specialized exposures such as aviation hull and liability, steam boiler coverage and certain transportation risks. There were no significant reductions or changes in the commercial insurance coverage from the prior year, and the amount of settlements have not exceeded insurance coverage for any of the past three fiscal years.

All funds, agencies and authorities of the State participate in the self-insurance program (Program). The Program, which is accounted for in the general fund, allocates the cost of providing claims servicing and claims payment by charging a "premium" to each fund, agency or public authority, based on a percentage of each organization's estimated current-year payroll or based on an average loss experienced by each organization. This charge considers recent trends in actual claims experience of the State as a whole and makes provision for catastrophic losses.

The Program's liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Because actual claims liabilities depend on such complex factors as inflation, changes in legal doctrines, and damage awards, actual claims paid could differ from these estimates. Claims liabilities are reevaluated periodically to take into consideration recently settled claims, the frequency of claims and other economic and social factors. Non-incremental claims adjustment expenses have been included as part of the liability for claims and adjustments for the general liability, property and casualty, workers' compensation, environmental and anti-trust liabilities. Liabilities for incurred workers' compensation losses to be settled by fixed or reasonably determinable payments over a long period of time are reported at their present value using a 4% discount rate. The workers' compensation and property and casualty costs are based upon separately determined actuarial valuations for the following fiscal years ending. The employee health benefits liability is calculated based on claims subsequently reported and claims trends.

Changes in the self-insurance liabilities during fiscal year 2009 were as follows (amounts expressed in thousands).

	Balance June 30, 2008	Claims and Changes in Estimates	Claim Payments	Balance June 30, 2009	Amount Due Within One Year
Property, casualty and general liability…	$ 16,334	$ 5,313	$ 6,269	$ 15,378	$ 3,914
Workers' compensation……	269,503	57,642	61,394	265,751	33,845
Employee health benefits……	72,958	929,793	922,380	80,371	80,371
Total self-insurance costs……	$358,795	$992,748	$990,043	$361,500	$118,130

As of June 30, 2009, the Program held $230,987,000 in cash and investments designated for payments of these claims.

Changes in the self-insurance liabilities during fiscal year 2008 were as follows (amounts expressed in thousands).

	Balance June 30, 2007	Claims and Changes in Estimates	Claim Payments	Balance June 30, 2008	Amount Due Within One Year
Property, casualty and general liability…	$ 16,176	$ 7,783	$ 7,625	$ 16,334	$ 5,138
Workers' compensation……	252,184	74,566	57,247	269,503	41,773
Employee health benefits……	74,125	818,311	819,478	72,958	72,958
Total self-insurance costs……	$342,485	$900,660	$884,350	$358,795	$119,869

As of June 30, 2008, the Program held $337,216,000, in cash and investments designated for payments of these claims.

13. Fund Equity:

The unrestricted deficit for governmental activities on the government-wide statement of net assets is $5,152,460,000. A portion of the deficit results from the State incurring debt for the purposes of capital acquisition and construction on behalf of local governments and private organizations. Since the incurrence of this debt does not result in capital assets of the State, the debt is not reflected in the net asset category, invested in capital assets, net of related debt, but rather in the unrestricted net assets category. As of June 30, 2009, the State has reported outstanding general obligation bonds and capital leases applicable to these non-State projects of $4,087,327,000. Without State financing for these capital assets, the State would have reported an unrestricted deficit for governmental activities in the amount of $1,065,133,000.

The statement of net assets for the primary government reports $2,447,808,000 of restricted net assets, including $6,064,000 restricted by enabling legislation.

A portion of the general fund's fund balance, in the amount of $701,812,000 as of June 30, 2009, has been reserved for the State Reserve Fund. The State Reserve Fund is comprised of the Dedicated Purpose Account, Economic Development Opportunities Program Account, Catastrophic Event Account and the Revenue Stabilization Account with balances as of June 30, 2009, of $589,000, $1,007,000, $8,398,000 and $691,818,000, respectively. The Dedicated Purpose Account is designed to retain appropriations for major multi-year expenditures and to meet contingency requirements. The Economic Development Opportunities Program Account is to be used for extraordinary economic development opportunities and only as a supplement to existing programs. The Catastrophic Event Account is to be used to respond without undue delay to a natural disaster or other catastrophic event that cannot be managed without appropriations. The Revenue Stabilization Account is designed to retain State revenues for future needs and reduce the need for future tax increases.

A portion of the other governmental funds' fund balance is reserved for sinking fund deposits of $10,470,000, set aside to redeem Qualified Zone Academy Bonds beginning in 2016. A portion of the general fund unreserved fund balance is designated for fiscal year 2010 appropriations in the amount of $146,862,000. Portions of the other governmental funds' unreserved fund balance are designated for payment of the debt service on General Obligation and Department of Transportation long-term debt in the amount of $97,205,000 and $7,033,000, respectively. The undesignated deficit fund balance reported in non-major capital projects fund of $375,595,000 results from the reservation for encumbrances of $398,478,000 for future construction projects in the capital projects fund.

The unrestricted deficit in net assets in other enterprise funds of $12,155,000 for the Economic Development Insurance Programs occurred because of restrictions for insuring mortgages.

14. Segment Information:

The State's Economic Development Loan Program contains two separately identifiable activities that have separately issued revenue bonds outstanding; housing loans of the Community Development Administration and water quality loans and grants of the Maryland Water Quality Administration.

The Community Development Administration (CDA) has issued revenue bonds, the proceeds of which were used for various mortgage loan programs. The assets of the loan program and revenues of each mortgage loan program are pledged as collateral for the revenue bonds. The bond indentures require the CDA to separately account for the identifiable activity's revenues, expenses, gains and losses, assets and liabilities.

The Maryland Water Quality Administration has issued revenue bonds to encourage capital investment for wastewater treatment systems and bay restoration. These bonds are payable solely from, and secured by, the revenue, money or property of the Maryland Water Quality Administration. The bond indentures require separate accounting for the identifiable activity's revenues, expenses, gains and losses, assets and liabilities.

Summary financial information for the two loan programs is presented below.

Condensed Statement of Net Assets
As of June 30, 2009
(Expressed in Thousands)

	Community Development Administration	Maryland Water Quality Administration
Assets:		
Current restricted assets	$ 548,795	$ 97,429
Non-current restricted assets	2,968,836	633,995
Total assets	3,517,631	731,424
Liabilities:		
Current liabilities	188,569	16,582
Non-current liabilities	2,894,096	131,242
Total liabilities	3,082,665	147,824
Net Assets:		
Restricted	434,966	583,600
Total net assets	$ 434,966	$583,600

Condensed Statement of Revenues, Expenses and Changes in Net Assets
For the Year Ended June 30, 2009
(Expressed in Thousands)

	Community Development Administration	Maryland Water Quality Administration
Operating income (expenses):		
Interest on loan income	$ 147,296	$ 10,230
Other operating revenues	4,966	
Other operating expenses	(25,561)	(13,969)
Operating income (loss)	126,701	(3,739)
Non-operating revenues (expenses)	(94,235)	(26,468)
Change in net assets	32,466	(30,207)
Beginning net assets	402,500	613,807
Ending net assets	$ 434,966	$ 583,600

Condensed Statement of Cash Flows
For the Year Ended June 30, 2009
(Expressed in Thousands)

	Community Development Administration	Maryland Water Quality Administration
Net cash provided (used) by:		
Operating activities	$ (76,368)	$53,692
Non-capital financing activities	(132,741)	(68,536)
Investing activities	197,693	719
Beginning cash and cash equivalents	436,842	32,623
Ending cash and cash equivalents	$ 425,426	$18,498

15. Retirement Benefits:

Maryland State Retirement and Pension System (System):

The State is a sole employer in the cost-sharing multiple-employer public employee retirement system established by the State to provide pension benefits for State employees (other than employees covered by the Maryland Transit Administration Pension Plan described below) and employees of 100 participating political subdivisions or other entities within the State. The non-State entities that participate within the System receive separate actuarial valuations in order to determine their respective funding levels and actuarial liabilities. Retirement benefits are paid from the System's pooled assets rather than from assets relating to a particular plan participant. Consequently, the System is accounted for as a single plan as defined in GASB Statement No. 25, "Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans." The System prepares a separately audited Comprehensive Annual Financial Report, which can be obtained from the Maryland State Retirement and Pension System, 120 E. Baltimore Street, Suite 1600, Baltimore, Maryland 21202-1600.

Plan Description:

The System is administered in accordance with the State Personnel and Pensions Article of the Annotated Code of Maryland and consists of several plans which are managed by the System's Board of Trustees. All State employees and employees of participating entities are covered by the plans.

"Retirement System" - retirement programs for substantially all State employees, teachers, State police and judges who are not members of the State Pension System.

"Pension System" - retirement programs for employees and teachers hired after January 1, 1980, and prior employees who elected to transfer from the Retirement System.

The System provides retirement, death and disability benefits in accordance with State statutes. Vesting begins after 5 years of service. A member terminating employment before attaining retirement age, but after completing 5 years of service becomes eligible for a vested retirement allowance provided the member does not withdraw his or her accumulated contributions. Members of the Retirement System may retire with full benefits after attaining the age of 60, or completing 30 years of service credit, regardless of age. Members of the Pension Systems may retire with full benefits after attaining the age 62, or after completing 30 years of Service Credit, regardless of age. State police members may retire with full benefits after attaining age 50, or completing 22 years of service credit, regardless of age. Members of the Law Enforcement Officers System may retire with full benefits at age 50, or completing 25 years of service credit, regardless of age.

The annual benefit for Retirement System Members is equal to 1/55 (1.8%) of the member's highest three-year average salary multiplied by the number of years of service credit. A member may retire with reduced benefits after completing 25 years of service, regardless of age. A member of the Pension System will generally receive, upon retirement, an annual service retirement allowance equal to 1.2% of the member's highest three-consecutive year average salary multiplied by the number of years of service credit on or before June 30, 1998, plus 1.4% of the highest three- consecutive year average salary multiplied by the number of years of service credit after June 30, 1998. The annual benefit for a Pension System member who is employed by a participating governmental unit that does not provide enhanced pension benefits is equal to 0.8% of the member's highest three-consecutive year average salary multiplied by the number of years of service credit, with a provision for additional benefits for compensation earned in excess of the Social Security wage base. A member of either type of pension system may retire with reduced benefits after attaining age 55 and completing 15 years of service.

The annual retirement allowance for a State Police member is equal to 2.55% of the member's highest three-year average salary multiplied by each year of service and may not exceed 71.4% of member's three years average final compensation. The annual retirement allowance for a member of the Law Enforcement Officers Pension System is 2.0% of the member's highest three-consecutive year average salary (AFC) multiplied by each year of service up to a maximum of 30 years plus 1.0% AFC of accumulated credible service in excess of 30 years. Neither the State Police Retirement System nor Law Enforcement Officers Pension System provide for an early retirement.

Funding Policy:

In accordance with the State Personnel and Pensions Article of the Annotated Code of Maryland, employer contribution rates and the actuarial accrued liability are established by annual actuarial valuations using the entry age normal cost method and other actuarial assumptions adopted by the Board of Trustees. Effective July 1, 1980, in accordance with the law governing the Systems, all benefits of the System are funded in advance. The entry age normal cost method is the actuarial cost method used to determine the employers' contribution rates and the actuarial accrued liability. Members of the Retirement System are required to contribute to the System a fixed percentage of their regular salaries and wages, 7.0% or 5.0% depending on the retirement plan selected. Members of the Pension System are required to contribute to the System 5.0% of their regular salaries and wages. Members of the Pension System who are employed by a participating government that does not provide enhanced pension benefits are required to contribute to the System 5.0% of their regular salaries and wages that exceed the Social Security wage base. State Police members are required to contribute 8.0% of their regular salaries and wages to the System. Members of the Law Enforcement Officers Pension System are required to contribute 4% of earnable compensation. All contributions are deducted from each member's salary, and the resulting payments are remitted to the System on a regular and periodic basis.

The contribution requirements of the System members, as well as the State and participating governmental employers, are established and may be amended by the Board of Trustees for the System. Effective July 1, 2002, State law provides that the contribution rates may be more or less than the actuarially determined rates for the Employees' Retirement and Pension Systems and the Teachers' Retirement and Pension Systems. Contributions to these Systems are based on the Modified Corridor Funding Method which establishes a budgetary contribution rate. This method effectively maintains the contribution rate in effect for the Teachers' and Employees' combined systems during the preceding fiscal year (as adjusted for any legislative changes in the benefit structure) as long as such systems remain between 90 percent and 110 percent funded. If either system falls below 90 percent funded (i.e., below the corridor), then the contribution rate in effect for the subsequent fiscal year will be the rate in effect for the preceding fiscal year plus 20 percent of the difference between the current fiscal year full funding rate and the prior fiscal year contribution rate. Conversely, if either system exceeds 110 percent funded (i.e., above the corridor), then the contribution rate in effect for the subsequent fiscal year will be the rate in effect for the preceding fiscal year minus 20 percent of the difference between the current fiscal year full funding rate and the prior fiscal year contribution rate. The methodology for computing the State's employer contribution rates for the Law Enforcement Officers' Pension System, State Police Retirement System and the Judges' Retirement System remain unchanged. For each of these three systems, the employer contribution rate is equal to the sum of the normal contribution and the accrued liability contribution rates.

During fiscal year 2009, the State paid $1,003,475,000, of the required contribution totaling $1,222,672,000 which was 10.2% of covered payroll and 82.1% of the required payment. The difference represents an additional pension cost liability in the government-wide statement of net assets. The State makes non-employer contributions to the System for local school system teachers. The covered payroll amount includes amounts for employees for whom the State pays retirement benefits, but does not pay the payroll. As of June 30, 2009, the State's membership includes 50,838 active members, 45,326 vested former members, and 103,065 retirees and beneficiaries.

Annual Pension Cost and Net Pension Obligation:

The annual pension cost and net pension obligation as of June 30, 2009, are as follows (amounts expressed in thousands).

	Teachers' Retirement and Pension System	Employees' Retirement and Pension System	State Police Retirement System	Judges' Retirement System	Law Enforcement Officers' Pension System
Annual required contribution.	$ 753,475	$ 373,202	$ 31,040	$ 17,520	$ 32,234
Interest on net pension obligation	19,957	41,033	719		
Actuarial adjustment to annual required contribution	(15,041)	(30,925)	(542)		
Annual pension cost	758,391	383,310	31,217	17,520	32,234
Contributions made	673,256	263,251	17,214	17,520	32,234
Increase in net pension obligation…	85,135	120,059	14,003		
Net pension obligation, beginning of year	257,511	529,464	9,277		
Net pension obligation, end of year	$ 342,646	$ 649,523	$ 23,280	$ -	$ -
Amortization period (years rolling)	30	30	30	18.63	18.16

Three Year Historical Trend Information for the System is as follows (amounts expressed in thousands).

	Annual Pension Cost As of June 30		
Plan	2009	2008	2007
Teachers' Retirement and Pension System	$758,391	$669,341	$571,977
Employees' Retirement and Pension System	383,310	357,419	322,923
State Police Retirement System	31,217	22,559	11,560
Judges' Retirement System	17,520	16,661	15,937
Law Enforcement Officers' Pension System	32,234	34,355	29,412

	Percentage of Annual Pension Cost Contributed As of June 30,		
Plan	2009	2008	2007
Teachers' Retirement and Pension System	89%	94%	85%
Employees' Retirement and Pension System	71	76	62
State Police Retirement System	56	59	100
Judges' Retirement System	100	100	100
Law Enforcement Officers' Pension System	100	100	100

Plan	Net Pension Obligation As of June 30, 2009	2008	2007
Teachers' Retirement and Pension System	$342,646	$257,511	$210,484
Employees' Retirement and Pension System	649,523	529,464	435,556
State Police Retirement System	23,280	9,277	
Judges' Retirement System			
Law Enforcement Officers Pension System			

The funded status of each plan as of June 30, 2009, the most recent valuation date, is as follows (amounts expressed in thousands).

Plan	Actuarial Value of Plan Assets	Actuarial Accrued Liability (AAL) Entry Age	(Unfunded AAL) /Excess of Assets over AAL	Funded Ratio	Covered Payroll	(Unfunded AAL) /Excess as a Percentage of Covered Payroll
Teachers' Retirement and Pension System	$20,605,618	$31,172,917	$(10,567,299)	66.10%	$6,411,550	(164.82)%
Employees' Retirement and Pension System	9,230,381	15,080,783	(5,850,402)	61.21	3,250,809	(179.97)
State Police Retirement System	1,119,766	1,710,356	(590,590)	65.47	87,070	(678.29)
Judges' Retirement System	270,870	421,039	(150,169)	64.33	40,965	(366.58)
Law Enforcement Officers' Pension System	354,707	684,424	(329,717)	51.83	89,571	(368.11)

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the AAL for benefits. The Schedule of Funding Progress also discloses the relationship between the System's covered payroll (i.e., all elements included in compensation paid to active members on which contributions are based) and the unfunded actuarial accrued liability. This relationship, expressed as a ratio, is a measure of the significance of the unfunded AAL relative to the capacity to pay all contributions required to fund the liability.

The significant actuarial assumptions listed below were used in the actuarial valuation as of June 30, 2009, the most recent valuation date.

Valuation method	Individual Entry Age Normal Cost Method
Cost method of valuing assets	Five-year straight-line amortization of each year's investment gain or loss with final value not more than 120% nor less than 80% of market value.
Rate of return on investments	7.75%
Projected payroll growth	3.5%
Projected inflation rate	3.5%
Post retirement benefit increase	2.75% to 3.5% (depending on system)
Amortization method	Level Percent of Payroll
Remaining amortization period	11 years as of June 30, 2009 for prior UAAL (existing on June 30, 2000)
New layers as of June 30, 2001 – 2009	17 – 25 years as of June 30, 2009 for new UAAL. 30 years is used wherever the equivalent single amortization period exceeds 30 years.
Status of period (Open or Closed)	Closed

Maryland Transit Administration Pension Plan (Plan):

The Plan is a single employer non-contributory plan, which covers all Maryland Transit Administration (Administration) employees covered by a collective bargaining agreement and all those management employees who were employed by the Baltimore Transit Company. In addition, employees who enter the management group as a result of a transfer from a position covered by a collective bargaining agreement maintain their participation. The Maryland Transit Administration was given authority to establish and maintain the Plan under Transportation Article, Section 7-206(b)2(ii), of the Annotated Code of Maryland. For the year ended June 30, 2009, the Administration's covered and total payroll was $155,560,000. The Plan is administered and funded in compliance with the collective bargaining agreements. The Plan prepares separately audited financial statements, which can be obtained from the Maryland Transit Administration Pension Plan, William Donald Schaefer Tower, 8 Saint Paul Street, Baltimore, Maryland 21202.

Plan Description:

The Plan provides retirement, normal and early, death and disability benefits. Members may retire with full benefits at age 65 with five years of credited service or age 52 with 30 years of credited service. The annual normal retirement benefit is 1.4% - 1.6% (1.3% prior to September 8, 2002) of final average compensation multiplied by credited service, with minimum and maximum benefit limitations. Participants are fully vested after five years of credited service.

As of June 30, 2009, membership in the Plan includes 2,832 active members, 528 vested former members, and 1,324 retirees and beneficiaries. There were no investments in, loans to, or leases with parties related to the Plan. There were no Plan investments representing 5 percent or more of total Plan assets.

Funding Policy:

The Administration's required contributions are based on actuarial valuations. The entry age normal cost method is the actuarial cost method used to determine the employer's contribution rates and the actuarial accrued liability. All administrative costs of the Plan are paid by the Plan.

Employer contributions to the Plan totaling $27,254,000 (17.5% of covered payroll) for fiscal year 2009 were made in accordance with actuarially determined contribution requirements based on an actuarial valuation performed as of June 30, 2008. This amount consisted of $3,768,000 normal cost and $23,486,000 amortization of the actuarial accrued liability (2.4% and 15.1%, respectively, of covered payroll). The liquidation period for the actuarial accrued liabilities, as provided by law, is 10 years from June 30, 2009.

Significant actuarial assumptions used to compute contribution requirements are the same as those used to compute the annual pension cost and net pension obligations. The computation of the annual required contribution for fiscal year 2009 was based on the same actuarial assumptions, benefit provisions, actuarial funding method and other significant factors used to determine pension contribution requirements in the previous year.

Annual Pension Cost and Net Pension Obligation:

The Administration's annual pension cost and net pension obligation as of June 30, 2009, are as follows (amounts expressed in thousands).

Annual required contribution (ARC)	$24,782
Interest on net pension obligation	292
Adjustment to ARC	(415)
Annual pension cost	24,659
Contributions made	27,254
Decrease in net pension obligation	2,595
Net pension obligation, beginning of year	3,763
Net pension obligation, end of year	$ 1,168
Amortization period	14.7 years

Three Year Historical Trend Information for the Plan is as follows (amounts expressed in thousands).

Fiscal Year Ending,	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2009	$24,659	111%	$1,168
6/30/2008	24,635	99	3,763
6/30/2007	24,245	84	3,373

Funded Status and Funding Progress:

As of June 30, 2009, the most recent actuarial valuation date, the plan was 42.4% funded. The actuarial accrued liability for benefits was $337,667,000 and the actuarial value of assets was $143,319,000 resulting in an unfunded actuarial accrued liability (UAAL) of $194,348,000. The covered payroll (annual payroll of active employees covered by the plan) was $155,560,000 and the ratio of the UAAL to the covered payroll was (124.9)%.

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

The significant actuarial assumptions listed below were used in the actuarial valuation as of June 30, 2009, the most recent valuation date.

Valuation method	Entry Age Normal Cost Method
Cost method of valuing assets	Smoothing
Rate of return on investments	7.5% Compounded per Annum
Projected inflation rate	4.0%
Rate of salary increase	4.0% Compounded per Annum
Postretirement benefit increase	3%-4% of original benefit amount
Amortization method	Level dollar annual installments
Remaining amortization period	10 years from June 30, 2009 for UAAL (existing on June 30, 2002)
New amortization period	18 years from June 30, 2009 for new UAAL
Status of period (Open or Closed)	Closed

During fiscal year 2009, there were no changes in actuarial assumptions or benefit provisions from 2008 that significantly affected the valuation of the annual pension cost and net pension obligation. No significant changes in these assumptions are planned in the near term.

Deferred Compensation Plan (Plan):

The State offers its employees a deferred compensation plan (Plan) created in accordance with Internal Revenue Code Sections 457, 403(b), 401(a) and 401(k). The Plan, available to eligible State employees, permits participants to defer a portion of their salary until future years. Participation in the Plan is optional. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. State law provides that the Governor appoint the nine member Board of Trustees of the State's Supplemental Retirement Systems. The Board is responsible for the implementation, maintenance and administration of the Plan.

The State of Maryland Match Plan and Trust was established by the State on July 1, 1999. The plan is designed to be a tax-qualified 401(a) defined contribution matching plan under Internal Revenue Code section 401(a). Under plan provisions, the State contributes to each participant's account an amount equal to each participant's contributions to the State's Supplemental Retirement Plans during the same plan year. By statute, the maximum amount contributed to this plan for each participant is $600 for each State fiscal year. An

employee's interest in his/her account is fully vested at all times. The match program continues to be established and funded in statute. For the plan year ended December 31, 2008, the State contributed $20,840,000 and participants contributed $167,049,000 to the Plan.

16. Other Postemployment Benefits, Health Benefits (OPEB)

Plan Description:

The State Employee and Retiree Health and Welfare Benefits Program (Plan) is a single-employer defined benefit healthcare plan established by State Personnel and Pensions Article, Sections 2-501 - 2-516, of the Annotated Code of Maryland. The Plan is self-insured to provide medical, hospitalization, prescription drug and dental insurance benefits to eligible state employees, retirees and their dependents. State law grants authority to establish and amend benefit provisions to the Secretary of the Department of Budget and Management (DBM). In addition, the Secretary shall specify by regulation the types or categories of State employees who are eligible to enroll, with or without State subsidies, or who are not eligible to enroll.

Effective June 1, 2004, the State established the Postretirement Health Benefits Trust Fund (OPEB Trust) as a separate entity to receive appropriated funds and contributions which will be used to assist the Plan in financing the State's postretirement health insurance subsidy. The OPEB Trust is established in accordance with the State Personnel and Pensions Article, Section 34-101, of the Annotated Code of Maryland and is administered by the Board of Trustees for the State Retirement and Pension System. Financial statements of the Trust may be obtained from the Office of the Comptroller, Louis L. Goldstein Treasury Building, Annapolis, Maryland 21401.

Funding Policy:

The contribution requirements of Plan members and the State are established by the Secretary. Each year the Secretary recommends to the Governor the State's share of the costs of the Plan. Beginning in fiscal year 2008, State law requires DBM to transfer any subsidy received as a result of the federal Medicare Prescription Drug Improvement and Modernization Act of 2003 or similar subsidy to the OPEB Trust to prefund costs of retirees' health benefits. Also, funds may be separately appropriated in the State's budget for transfer to the OPEB Trust. Applicable administrative expenses are payable from the OPEB Trust, but may not exceed $100,000 annually.

Generally, a retiree may enroll and participate in the health benefit options if the retiree retired directly from State service with at least five years of creditable service, ended State service with at least 10 years of creditable service and within five years before the age at which a vested retirement allowance normally would begin, or ended State service with at least 16 years of creditable service. As of July 1, 2009, the State's Plan membership includes 84,164 active employees, 4,263 vested former employees, and 55,987 retirees and beneficiaries. Based on current practice, the State subsidizes approximately 50% to 85% of retiree premiums to cover medical, dental, prescription and hospitalization costs, depending on the type of insurance plan. The Plan assesses a charge to retirees for post-employment health care benefits, which is based on health care insurance charges for active employees. For the fiscal year ended June 30, 2009, retiree plan members contributed $61,420,000 or approximately 16% of total retiree premiums, and the State contributed $315,257,000. In fiscal year 2009, the State transferred $27,614,000 from the federal Medicare drug subsidy to the OPEB Trust to prefund future OPEB costs. The State also contributed $22,517,000 of additional pre-funding to the Trust.

Annual OPEB Cost and Net OPEB Obligation:

The State's annual OPEB cost (expense) is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. The following table shows the components of the State's annual OPEB cost, the amount actually contributed to the Plan and the State's net OPEB obligation as of June 30, 2009 (amounts expressed in thousands).

Annual required contribution (ARC)	$1,145,665
ARC Adjustment	(26,993)
Interest on Net OPEB obligation Beginning of Year	29,925
Total Annual OPEB Cost (AOC)	1,148,597
Less: Contributions made	366,388
Increase in net OPEB obligation	782,209
Net OPEB obligation - beginning of year	695,921
Net OPEB obligation - end of year	$1,478,130
Percentage of annual OPEB cost contributed	31.9%

Historical trend information for the OPEB Plan since inception is as follows (amounts expressed in thousands).

Fiscal Year Ending,	AOC	Percentage of AOC Contributed	Net OPEB Obligation
6/30/09	$1,148,597	31.9%	$1,478,130
6/30/08	1,086,240	35.9	695,921

Funded Status:

As of June 30, 2009, the most recent actuarial valuation date, the OPEB Trust was 1.1% funded. The actuarial accrued liability for benefits was $15,453,599,000, and the actuarial value of assets was $174,250,000, resulting in an unfunded actuarial accrued liability (UAAL) of $15,279,349,000. The ratio of the actuarial value of assets to the actuarial accrued liability was 1.1%. The covered payroll (annual payroll of active employees covered under the Plan) was $4,740,553,000, and the ratio of the UAAL to the covered payroll was (322.3)%.

Actuarial Methods and Assumptions:

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare cost trends. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The accompanying schedules of funding progress and employer contributions following the footnotes present information about the actuarial value of plan assets relative to the actuarial accrued liability for benefits and amounts contributed to the plan.

The actuarial method and significant assumptions listed below were used in the actuarial valuation as of June 30, 2009.

Actuarial cost method	Entry Age Normal (percent of pay)
Asset valuation method	Five-year straight-line amortization of each year's investment gain or loss with final value not more than 120% nor less than 80% of market value
Rate of return on investments	4.30% (blended rate)
Aggregate salary growth	3.50%
Method to determine blended rate	Blended rate of the expected long-term investment returns on plan assets (7.75%) and on the State's own assets (4.25%) calculated based on the funded level of the plan at the valuation date.
Healthcare cost trend rate	Medical: 9.0% for 2009 trending down to 5.0% by FYE 2016 Prescription drug: 10.0% for 2009 trending down to 5.0% by FYE 2016 Dental: 4.5%
Amortization method	Level percentage of projected payroll
Amortization period	30 years (open)

17. Commitments:

The State's governmental funds lease office space under various agreements that are accounted for as operating leases. Many of the agreements contain rent escalation clauses and renewal options. These leases contain termination for convenience clauses providing for cancellation after a certain number of days notice to lessors. In addition, these leases contain appropriation clauses indicating that continuation of the lease is subject to appropriation by the legislature. Rent expenditures for the year ended June 30, 2009, were approximately $63,939,000.

As of June 30, 2009, the governmental funds, other than the Department of Transportation, had commitments of approximately $63,925,000 for service contracts.

As of June 30, 2009, the Department of Transportation and Maryland Transportation Authority had commitments of approximately $3.9 billion and $1.7 billion, respectively, for construction of highway and mass transit facilities.

Approximately 39% of future expenditures related to the Department of Transportation commitments are expected to be reimbursed from proceeds of approved Federal grants when the actual costs are incurred. The remaining portion will be funded by other financial resources of the Department of Transportation.

The Department of Transportation, as lessor, leases space at various marine terminals, airport facilities and office space pursuant to various noncancelable operating leases with scheduled rent increases . Minimum future rental revenues are as follows (amounts expressed in thousands).

Years Ending June 30,	Amounts
2010	$131,973
2011	83,825
2012	81,753
2013	79,435
2014	61,292
2015 -2019	84,658
Total	$522,936

The cost and accumulated depreciation of the assets as of June 30, 2009, are $1,457,687,000 and $543,705,000, respectively.

Total minimum future rental revenues do not include contingent rentals that may be received under certain concession leases on the basis of a percentage of the concessionaire's gross revenue in excess of stipulated minimums. Rental revenue was approximately $154,417,000 for the year ended June 30, 2009.

As of June 30, 2009, the Maryland State Lottery Agency had commitments of approximately $94,338,000, for services to be rendered relating principally to the operation of the lottery game.

As of June 30, 2009, the enterprise fund loan programs had committed to lend a total of $177,013,000 in additional loans. The Community Development Administration, also an enterprise fund loan program, has $339,820,000 of revenue bonds outstanding that are not included in the financial statements of the Administration because the bonds are not guaranteed by the State or any other program of the State or any political subdivision. The revenue bonds are secured solely by the individual multi-family project properties, related revenues, applicable credit enhancements or investments equal to the debt outstanding.

Pursuant to legislation enacted by the Maryland General Assembly in April, 1996, the Maryland Stadium Authority is required to pay $2,400,000 per year into the Public School Construction Fund over ten years, subject to availability of funds, beginning in fiscal year 2001. The Authority was relieved of its fiscal year 2009 obligation through the approval of the State's budget.

As of June 30, 2009, the higher education fund had commitments of approximately $329,371,000 for the completion of projects under construction.

18. Contingencies:

The State is party to legal proceedings that normally occur in governmental operations. The legal proceedings are not, in the opinion of the Attorney General, likely to have a material, adverse impact on the financial position of the State as a whole.

As of June 30, 2009, economic development loan programs were contingently liable to financial institutions for $4,403,000 for the repayment of loans for small businesses. Non-major enterprise funds were contingently liable as insurers of $177,319,000 of $422,708,000 mortgage loans made by public and private lenders. Non-major component units were contingently liable as insurers of $22,137,000 of $427,131,000 economic development and growth bonds issued by financial institutions.

As of June 30, 2009, there were approved economic development bonds pending settlement which were insured by non-major component units for $8,030,000.

The State receives significant financial assistance from the U.S. Government. Entitlement to the resources is generally conditioned upon compliance with terms and conditions of the grant agreements and applicable Federal regulations, including the expenditure of the resources for eligible purposes. Substantially all grants are subject to financial and compliance audits by the grantors. Any disallowances as a result of these audits become a liability of the fund which received the grant. As of June 30, 2009, the State estimates that no material liabilities will result from such audits.

19. Tobacco Settlement:

Legislation enacted by the 1999 General Assembly established the Cigarette Restitution Fund for all revenues received from any judgment against or settlement with the tobacco industry. Expenditures from the fund are made by an appropriation in the annual State budget. The law provides that at least 50% of the appropriations shall be made for tobacco or health related purposes and the remaining appropriations may be for any public purpose. During the 2002 legislative session, legislation was enacted providing that for each of fiscal years 2003 through 2006, at least 25% of the appropriations shall be made for the Maryland Medical Assistance Program (Medicaid); the 2005 legislative session increased that percentage to 30% for each year for which appropriations are made. During the 2003 legislative session, legislation was enacted requiring that .15% of the fund be appropriated for enforcing the escrow requirements for nonparticipating tobacco product manufacturers. Transfers of $192,709,000 were made from the proceeds in the Cigarette Restitution Fund for fiscal year 2009 expenditure of appropriations.

As part of the Master Settlement Agreement between the states and the tobacco companies, Maryland's share during fiscal year 2009 was $176,318,000, including the award from the arbitration panel for attorney fees. This amount does not include $11,594,000 the tobacco companies paid to the disputed account pending the outcome of litigation. Additionally, Maryland received $12,221,000 in fiscal year 2009 upon release of 2005 Non-Participating Manufacturer adjustment amounts that had been retained in the disputed account.

It is estimated that the payments made to the State pursuant to the Master Settlement through fiscal year 2014 will total $2.4 billion of which $149,873,000 will be paid to outside counsel. The actual amount paid each year, however, will reflect adjustments for inflation and cigarette shipment volume. In addition, the State expects to receive $86,694,000 during that same period pursuant to an award for attorney fees by the national arbitration panel.

20. Landfill Closure and Postclosure Care Costs:

State and Federal laws require the Maryland Environmental Service (the Service) to cover the Midshore Regional Landfill (Midshore), which the current cell is expected to close in December 2010, and to perform certain maintenance and monitoring functions at the Midshore and Easton Landfill (Easton) sites for thirty years after closure. Although closure and postclosure care costs at Midshore will be paid near or after the date the landfill stops accepting waste, the Service reports a portion of these closure and postclosure care costs as a liability based upon the estimated useful life of the landfill. Midshore's current cells are approximately 87% filled as of June 30, 2009. Total closure and postclosure care costs for the landfill is currently estimated to be $12,144,000, as determined through engineering studies, and $10,589,000 has been recognized as a liability on the June 30, 2009, Combining Statement of Net Assets, Non-Major Component Units. Actual costs may be subject to change due to inflation, deflation, technology, and changes in applicable laws and regulations.

A receivable from project participants corresponding to the accrued liability has also been recorded.

Under Federal regulations, the Service has satisfied its financial assurance requirements based upon the local government financial ratio tests of the project participants as of June 30, 2008. The Service expects to satisfy these requirements as of June 30, 2009, using the same criteria.

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STATE OF MARYLAND
Comprehensive Annual Financial Report

REQUIRED SUPPLEMENTARY INFORMATION

STATE OF MARYLAND

Schedule of Revenues and Expenditures and Changes in Fund Balances - Budget and Actual - Budgetary General, Special, and Federal Funds

For the Year Ended June 30, 2009

(Expressed in Thousands)

	General Fund			
	Budget Amounts			Variance
	Original Budget	Final Budget	Actual Amounts	Positive (Negative)
Revenues:				
Income taxes	$ 8,117,578	$ 7,363,803	$ 7,027,897	$(335,906)
Sales and use taxes	4,034,130	3,610,951	3,620,431	9,480
Other taxes	1,149,983	1,113,177	1,056,124	(57,053)
Licenses and fees	259,700	190,969	207,169	16,200
Charges for services	247,864	290,861	298,377	7,516
Interest and other investment income	97,100	103,000	113,607	10,607
Other	614,669	547,693	878,185	330,492
Federal revenue				
Total revenues	14,521,024	13,220,454	13,201,790	(18,664)
Expenditures and encumbrances by major function:				
Payments of revenue to civil divisions of the State	120,760	120,760	120,760	
Public debt				
Legislative	91,337	92,178	72,678	19,500
Judicial review and legal	500,678	502,897	474,844	28,053
Executive and administrative control	275,276	266,309	242,529	23,780
Financial and revenue administration	195,915	181,329	179,164	2,165
Budget and management	118,376	41,019	36,151	4,868
Retirement and pension				
General services	61,881	58,468	55,535	2,933
Transportation and highways				
Natural resources and recreation	65,831	59,969	57,952	2,017
Agriculture	35,559	30,141	29,461	680
Health, hospitals and mental hygiene	3,852,680	3,374,381	3,359,661	14,720
Human resources	613,090	600,756	589,138	11,618
Labor, licensing and regulation	14,598	12,877	12,743	134
Public safety and correctional services	1,104,153	1,080,882	1,078,697	2,185
Public education	7,311,939	7,291,654	7,239,205	52,449
Housing and community development	35,917	33,484	17,934	15,550
Business and economic development	118,735	106,166	81,310	24,856
Environment	57,545	54,018	44,061	9,957
Juvenile services	260,170	267,004	266,874	130
State police	193,225	185,892	181,488	4,404
State reserve fund	231,543	211,543	211,543	
Reversions	(30,000)	(30,000)		(30,000)
Total expenditures and encumbrances	15,229,208	14,541,727	14,351,728	189,999
Excess of revenues over (under) expenditures	(708,184)	(1,321,273)	(1,149,938)	171,335
Other sources (uses) of financial resources:				
Transfers in (out)			688,515	688,515
Excess of revenues over (under) expenditures and other sources (uses) of financial resources	(708,184)	(1,321,273)	(461,423)	859,850
Fund balances - beginning of the year	(3,410,897)	(1,895,661)	1,387,060	3,282,721
Fund balances - end of the year	$(4,119,081)	$(3,216,934)	$ 925,637	$4,142,571

See accompanying Notes to Required Supplementary Information.

Special Fund				Federal Fund			
Budget Amounts			Variance	Budget Amounts			Variance
Original Budget	Final Budget	Actual Amounts	Positive (Negative)	Original Budget	Final Budget	Actual Amounts	Positive (Negative)
$ 225,093	$ 164,397	$ 199,340	$ 34,943				
292,407	224,700	230,909	6,209				
2,564,634	2,299,591	2,038,837	(260,754)				
696,239	898,396	807,642	(90,754)				
1,056,915	1,212,403	1,148,726	(63,677)				
39,000	38,000	42,076	4,076			$ 1,010	$ 1,010
1,217,935	1,050,702	988,690	(62,012)				
			-	$ 6,868,634	$ 8,013,429	7,514,872	(498,557)
6,092,223	5,888,189	5,456,220	(431,969)	6,868,634	8,013,429	7,515,882	(497,547)
745,504	745,504	744,799	705				
100	500	339	161				
93,078	99,788	77,507	22,281	6,811	7,242	6,213	1,029
255,246	286,998	214,143	72,855	117,011	121,944	112,044	9,900
84,991	86,232	80,554	5,678				
90,837	61,136	16,450	44,686				
40,211	40,207	30,595	9,612				
1,204	1,481	1,182	299	961	958	958	
3,317,889	2,893,248	2,770,698	122,550	684,023	833,430	762,171	71,259
239,670	242,776	174,936	67,840	38,592	49,443	36,015	13,428
138,167	147,752	100,114	47,638	20,377	20,365	7,196	13,169
579,500	710,904	645,328	65,576	3,526,221	4,075,019	4,043,682	31,337
71,379	88,357	85,457	2,900	1,133,771	1,480,400	1,363,259	117,141
46,828	47,062	33,518	13,544	117,827	137,622	132,682	4,940
167,528	168,289	151,174	17,115	13,347	19,041	18,053	988
96,981	122,463	108,184	14,279	1,073,513	1,087,703	899,176	188,527
98,407	107,299	61,895	45,404	250,758	281,536	226,291	55,245
109,002	108,991	36,999	71,992	7,908	11,659	6,569	5,090
387,915	398,725	100,999	297,726	83,826	85,288	46,205	39,083
1,640	1,640	462	1,178	11,689	11,687	7,383	4,304
72,025	74,715	62,540	12,175	4,209	12,301	4,410	7,891
6,638,102	6,434,067	5,497,873	936,194	7,090,844	8,235,638	7,672,307	563,331
(545,879)	(545,878)	(41,653)	504,225	(222,210)	(222,209)	(156,425)	65,784
		(37,559)	(37,559)			156,425	156,425
(545,879)	(545,878)	(79,212)	466,666	(222,210)	(222,209)		222,209
(2,017,126)	(2,070,626)	1,781,253	3,851,879	(1,465,111)	(1,465,105)		1,465,105
$(2,563,005)	$(2,616,504)	$1,702,041	$4,318,545	$(1,687,321)	$(1,687,314)	$ –	$1,687,314

STATE OF MARYLAND
Reconciliation of the Budgetary General and Special Fund, Fund Balances to the GAAP General and Special Revenue Fund, Fund Balances
June 30, 2009
(Expressed in Thousands)

	General	Special
Amount in budgetary funds, fund balance (page 101)	$ 925,637	$1,702,041
Budgetary special funds reclassified to the general fund	850,547	(850,547)
Budgetary special funds reclassified to other funds		(610,810)
Other non-budgetary funds reclassified to governmental funds	249,770	2,079
Total of budgetary fund balances reclassified into the governmental funds' fund structure	2,025,954	242,763
Accounting principle differences:		
Assets recognized in the governmental funds financial statements not recognized for budgetary purposes:		
Cash	51,751	
Investments	13,754	
Taxes receivable	21,878	1,051
Intergovernmental receivables	107,537	
Other accounts receivable	(11,221)	2,661
Prepaid items	(178,129)	
Inventories	23,909	81,634
Due from other funds	5,746	9,539
Liabilities recognized in the governmental funds financial statements not recognized for budgetary purposes:		
Salaries payable	2,329	
Accounts payable and accrued liabilities	(199,807)	
Due to other funds	(18,202)	(8,830)
Accounts payable to political subdivisions	(11,789)	
Deferred revenue	(245,949)	
Accrued self insurance costs	(77,839)	
Financial statement governmental funds' fund balances, June 30, 2009 (page 28)	$1,509,922	$ 328,818

See accompanying Notes to Required Supplementary Information.

STATE OF MARYLAND
Required Supplemental Schedule of Funding Progress for Maryland Pension and Retirement System

(Expressed in Thousands)

Actuarial Valuation Date June 30,	Actuarial Value of Plan Assets	Actuarial Accrued Liability (AAL) Entry Age	(Unfunded AAL) /Excess of Assets over AAL	Funded Ratio	Covered Payroll (1)	(Unfunded AAL) /Excess as a Percentage of Covered Payroll (2)
TEACHERS RETIREMENT AND PENSION SYSTEM						
2009	$20,605,618	$31,172,917	$(10,567,299)	66.10 %	$6,411,550	(164.82)%
2008	23,784,404	29,868,705	(6,084,301)	79.63	6,117,591	(99.46)
2007	22,814,759	28,122,575	(5,307,816)	81.13	5,709,765	(92.96)
2006	21,575,451	25,617,484	(4,042,033)	84.22	5,269,185	(76.71)
2005	20,801,529	23,305,198	(2,503,669)	89.26	5,055,392	(49.52)
2004	20,155,415	21,724,178	(1,568,763)	92.78	4,615,607	(33.99)
STATE EMPLOYEES RETIREMENT AND PENSION SYSTEM						
2009	$ 9,230,381	$15,080,783	$ (5,850,402)	61.21 %	$3,250,809	(179.97)%
2008	10,699,418	14,337,460	(3,638,042)	74.63	3,110,640	(116.95)
2007	10,332,264	13,363,507	(3,031,243)	77.32	3,022,476	(100.29)
2006	9,825,416	12,184,215	(2,358,799)	80.64	2,828,348	(83.40)
2005	9,544,541	11,241,813	(1,697,272)	84.90	2,743,255	(61.87)
2004	9,330,876	10,457,119	(1,126,243)	89.23	2,625,312	(42.90)
STATE POLICE RETIREMENT SYSTEM						
2009	$ 1,119,766	$ 1,710,356	$ (590,590)	65.47 %	$ 87,070	(678.29)%
2008	1,343,208	1,601,575	(258,367)	83.87	86,464	(298.81)
2007	1,334,375	1,516,935	(182,560)	87.97	83,191	(219.45)
2006	1,301,877	1,325,875	(23,998)	98.19	80,649	(29.76)
2005	1,289,345	1,284,950	4,395	100.34	76,463	5.75
2004	1,287,981	1,200,605	87,376	107.28	76,445	114.30
JUDGES RETIREMENT SYSTEM						
2009	$ 270,870	$ 421,039	$ (150,169)	64.33 %	$ 40,965	(366.58)%
2008	306,716	406,782	(100,066)	75.40	37,943	(263.73)
2007	293,052	371,987	(78,935)	78.78	37,638	(209.72)
2006	273,679	352,537	(78,858)	77.63	35,939	(219.42)
2005	260,125	328,033	(67,908)	79.30	33,074	(205.32)
2004	250,272	312,285	(62,013)	80.14	32,937	(188.28)
STATE LAW ENFORCEMENT OFFICERS' PENSION SYSTEM						
2009	$ 354,707	$ 684,424	$ (329,717)	51.83 %	$ 89,571	(368.11)%
2008	389,793	611,367	(221,574)	63.76	85,814	(258.20)
2007	354,364	593,308	(238,944)	59.73	82,079	(291.11)
2006	316,709	504,373	(187,664)	62.79	71,678	(261.82)
2005	281,659	470,677	(189,018)	59.84	72,374	(261.17)
2004	253,582	400,755	(147,173)	63.28	63,828	(230.58)
TOTAL OF ALL PLANS						
2009	$31,581,342	$49,069,519	$(17,488,177)	64.36 %	$9,879,965	(177.01)%
2008	36,523,539	46,825,889	(10,302,350)	78.00	9,438,452	(109.15)
2007	35,128,814	43,968,312	(8,839,498)	79.90	8,935,149	(98.93)
2006	33,293,132	39,984,484	(6,691,352)	83.27	8,285,799	(80.76)
2005	32,177,199	36,630,671	(4,453,472)	87.84	7,980,558	(55.80)
2004	31,278,126	34,094,942	(2,816,816)	91.74	7,414,129	(37.99)

(1) Covered payroll includes the payroll cost of those participants for which the State pays the retirement contribution but does not pay the participants' payroll cost.

(2) (Unfunded AAL)/ excess assets over AAL as a percentage of covered payroll.

STATE OF MARYLAND
Required Supplemental Schedule of Funding Progress for Maryland Transit Administration Pension Plan

(Expressed in Thousands)

Actuarial Valuation Date June 30,	Actuarial Value of Plan Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded AAL as a Percentage of Covered Payroll
2009	$143,319	$337,667	$(194,348)	42.44%	$155,560	(124.93)%
2008	136,294	326,988	(190,694)	41.68	144,775	(131.72)
2007	124,496	322,597	(198,101)	38.59	135,098	(146.64)

Required Supplemental Schedule of Funding Progress for Other Post-Employment Benefits Plan

(Expressed in Thousands)

Actuarial Valuation Date June 30,	Actuarial Value of Plan Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded AAL as a Percentage of Covered Payroll
2009	$174,250	$15,453,599	$(15,279,349)	1.1%	$4,740,553	(322.3)%
2008	118,884	14,852,304	(14,733,420)	0.8	4,625,145	(318.6)

Required Supplemental Schedule of Employer Contributions and Other Contributing Entities for Other Post-Employment Benefits Plan

(Expressed in Thousands)

Year Ended June 30,	Annual Required Contribution	Percentage Contributed		
		Employer Contributions (a)	Other Contributing Entities (b)	Total
2009	$1,148,597	29.4%	2.5%	31.9%
2008*	1,086,420	34.2	1.7	35.9

*Information for prior years not available.

(a) Employer contributions include pre-funding and pay-as-you-go contributions (net of retiree premiums).

(b) Other contributing entities consists of the federal Medicare drug subsidy contributed to the OPEB Trust.

STATE OF MARYLAND

Notes to Required Supplementary Information
For the Year Ended June 30, 2009

1. Budgeting and Budgetary Control:

The Maryland Constitution requires the Governor to submit to the General Assembly an annual balanced budget for the following fiscal year. This budget is prepared and adopted for the General Fund, which includes all transactions of the State, unless otherwise directed to be included in another fund and the Special Fund, which includes the transportation activities of the State, fishery and wildlife funds, shared taxes and payments of debt service on general obligation bonds. In contrast, the GAAP special revenue fund includes only the operations (other than debt service and pension activities) of the Maryland Department of Transportation. The budgetary Federal fund revenue and expenditures are included in the GAAP General and Special Funds as federal revenues and expenditures by function. An annual budget is also prepared for the Federal Fund, which accounts for substantially all grants from the Federal government, and the current unrestricted and restricted funds of the Universities and Colleges. In addition to the annual budget, the General Assembly adopts authorizations for the issuance of general obligation bonds. The expenditures of the resources obtained thereby are accounted for in the capital projects fund.

All State budgetary expenditures for the general, special and federal funds are made pursuant to appropriations in the annual budget, as amended from time to time, by budget amendments. The legal level of budgetary control is at the program level for the general, special and federal funds. State governmental departments and independent agencies may, with the Governor's approval, amend the appropriations by program within the budgetary general fund, provided they do not exceed their total general fund appropriations as contained within the annual budget. Increases in the total general fund appropriations must be approved by the General Assembly. For the fiscal year ended June 30, 2009, the General Assembly approved a net decrease in General Fund appropriations of $273,029,000. Appropriations for programs funded in whole or in part from the special or federal funds may permit expenditures in excess of original special or federal fund appropriations to the extent that actual revenues exceed original budget estimates and such additional expenditures are approved by the Governor. Unexpended appropriations from the general fund may be carried over to succeeding years to the extent of encumbrances, with all other appropriations lapsing as of the end of the fiscal year. Unexpended appropriations from special and federal funds may be carried over to the extent of (a) available resources, and (b) encumbrances. The State's accounting system is maintained by the Comptroller in compliance with State Law and in accordance with the State's Budgetary Funds. It controls expenditures at the program level to ensure legal compliance. The "Agency Appropriation Unencumbered Balance Report," which is available for public inspection at the Office of the Comptroller, provides a more comprehensive accounting of activity on the basis of budgeting at the legal level of budgetary control.

The original and amended budget adopted by the General Assembly for the general, special and federal funds is presented in the Schedule of Revenues, Expenditures and Encumbrances, and Changes in Fund Balances - Budget and Actual - for the year ended June 30, 2009. The State's budgetary fund structure and the basis of budgeting, which is the modified accrual basis with certain exceptions, differs from that utilized to present financial statements in conformity with generally accepted accounting principles. The budgetary system's principal departures from the modified accrual basis are the classification of the State's budgetary funds and the timing of recognition of certain revenues and expenditures. A summary of the effects of the fund structure differences and exceptions to the modified accrual basis of accounting, as of June 30, 2009, is provided in the "Reconciliation of the Budgetary General and Special Fund, Fund Balances to the GAAP General and Special Revenue Fund, Fund Balances" immediately following the budgetary schedule.

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STATE OF MARYLAND
Comprehensive Annual Financial Report

COMBINING FINANCIAL STATEMENTS

STATE OF MARYLAND

Non-major Governmental Funds

Debt Service Funds

General Obligation Bonds, Debt Service Fund: Transactions related to resources obtained and used for the payment of interest and principal on general long-term debt obligations are accounted for in the general obligation bonds debt service fund.

Transportation Bonds, Debt Service Fund: Transactions related to resources obtained and used for the payment of interest and principal on transportation long-term debt obligations are accounted for in the transportation bonds debt service fund.

Capital Projects Fund

Transactions related to resources obtained and used for the acquisition, construction or improvement of certain capital facilities, including those provided to political subdivisions and other public organizations are accounted for in the capital projects fund. Such resources are derived principally from proceeds of general obligation bond issues, Federal grants and operating transfers from the State's general fund. The State enters into long-term contracts for construction of major capital projects and records the related commitments as encumbrances.

STATE OF MARYLAND
Combining Balance Sheet
Non-major Governmental Funds
June 30, 2009
(Expressed in Thousands)

	Debt Service Funds			
	General Obligation Bonds	Transportation Bonds	Capital Projects Fund	Total Non-major Governmental Funds
Assets:				
Cash with fiscal agent - restricted	$ 10,392	$7,008		$ 17,400
Equity in pooled invested cash	71,277	21	$ 91,571	162,869
Investments			88,245	88,245
Taxes receivable, net	25,239			25,239
Intergovernmental receivables			8,703	8,703
Other accounts receivable	380	4	16	400
Loans and notes receivable, net	3,592			3,592
Total assets	$110,880	$7,033	$188,535	$ 306,448
Liabilities:				
Vouchers payable			$ 56,854	$ 56,854
Accounts payable and accrued liabilities			34,834	34,834
Accounts payable to political subdivisions			73,964	73,964
Deferred revenue	$ 55			55
Total liabilities	55	-	165,652	165,707
Fund balances:				
Reserved for:				
Encumbrances			398,478	398,478
Loans and notes receivable	3,150			3,150
Debt service	10,470			10,470
Unreserved:				
Undesignated (deficit)	97,205	$7,033	(375,595)	(271,357)
Total fund balances	110,825	7,033	22,883	140,741
Total liabilities and fund balances	$110,880	$7,033	$188,535	$ 306,448

STATE OF MARYLAND

Combining Statement of Revenues, Expenditures, Other Sources and Uses of Financial Resources and Changes in Fund Balances Non-major Governmental Funds

June 30, 2009

(Expressed in Thousands)

	Debt Service Funds			Total
	General Obligation Bonds	Transportation Bonds	Capital Projects Fund	Non-major Governmental Funds
Revenues:				
Property taxes	$ 712,312			$ 712,312
Interest and other investment income	655	$ 31	$ 2,117	2,803
Other			5,823	5,823
Total revenues	712,967	31	7,940	720,938
Expenditures:				
Education			412,758	412,758
Aid to higher education			245,911	245,911
Intergovernmental grants and revenue sharing			269,858	269,858
Capital outlays			169,134	169,134
Debt service:				
Principal retirement	464,725	71,325		536,050
Interest	278,183	71,031		349,214
Bond issuance costs			2,869	2,869
Total expenditures	742,908	142,356	1,100,530	1,985,794
Deficiency of revenues under expenditures	(29,941)	(142,325)	(1,092,590)	(1,264,856)
Other sources (uses) of financial resources :				
Bonds issued			845,563	845,563
Refunding bonds issued			65,800	65,800
Bond premium	74,130	12,628	17	86,775
Payments to refunded bond escrow agent			(69,213)	(69,213)
Transfers in	33	136,730	89,875	226,638
Transfers out	(90)		(15,620)	(15,710)
Total other sources of financial resources	74,073	149,358	916,422	1,139,853
Net changes in fund balances	44,132	7,033	(176,168)	(125,003)
Fund balances, beginning of the year	66,693		199,051	265,744
Fund balances, end of the year	$ 110,825	$ 7,033	$ 22,883	$ 140,741

STATE OF MARYLAND

Non-major Enterprise Funds

Transactions related to commercial types of activities operated by the State are accounted for in the enterprise funds. The non-major enterprise funds consist of the economic development insurance programs of the Department of Housing and Community Development and Maryland Correctional Enterprises, which utilizes inmate labor from State correctional institutions to manufacture goods, wares and merchandise to be sold to State agencies, political subdivisions and charitable, civic, educational, fraternal or religious associations or institutions.

STATE OF MARYLAND
Combining Statement of Net Assets
Non-major Enterprise Funds
June 30, 2009
(Expressed in Thousands)

	Economic Development Insurance Programs	Maryland Correctional Enterprises	Total Non-major Enterprise Funds
Assets -			
Current assets:			
Cash and cash equivalents		$ 1,556	$ 1,556
Equity in pooled invested cash	$111,076	13,274	124,350
Other accounts receivable		4,394	4,394
Inventories		11,077	11,077
Loans and notes receivable, net	124		124
Other assets	108	219	327
Total current assets	111,308	30,520	141,828
Non-current assets:			
Investments	1,110		1,110
Loans and notes receivable, net	388		388
Capital assets, net of accumulated depreciation:			
Structures and improvements		1,008	1,008
Equipment		6,181	6,181
Infrastructure		62	62
Total non-current assets	1,498	7,251	8,749
Total assets	112,806	37,771	150,577
Liabilities -			
Current liabilities:			
Accounts payable and accrued liabilities	93	1,930	2,023
Due to other funds		366	366
Accrued insurance on loan losses	13,279		13,279
Other liabilities	511	981	1,492
Unearned revenue	2,931	503	3,434
Total current liabilities	16,814	3,780	20,594
Non-current liabilities:			
Due to other funds		1,041	1,041
Other liabilities	1,219	627	1,846
Total non-current liabilities	1,219	1,668	2,887
Total liabilities	18,033	5,448	23,481
Net Assets -			
Invested in capital assets, net of related debt		5,843	5,843
Restricted for insurance programs	106,928		106,928
Unrestricted (deficit)	(12,155)	26,480	14,325
Total net assets	$ 94,773	$32,323	$127,096

STATE OF MARYLAND

Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
Non-major Enterprise Funds
For the Year Ended June 30, 2009

(Expressed in Thousands)

	Economic Development Insurance Programs	Maryland Correctional Enterprises	Total Non-major Enterprise Funds
Operating revenues:			
Charges for services and sales	$ 1,859	$52,878	$ 54,737
Unrestricted interest on loan income	538		538
Other	47		47
Total operating revenues	2,444	52,878	55,322
Operating expenses:			
Cost of sales and services		43,677	43,677
General and administrative	2,819	7,519	10,338
Depreciation and amortization		1,468	1,468
Provision for insurance on loan losses	6,062		6,062
Total operating expenses	8,881	52,664	61,545
Operating income (loss)	(6,437)	214	(6,223)
Non-operating revenues (expenses):			
Restricted investment income	3,596		3,596
Other		(8)	(8)
Total non-operating revenues (expenses)	3,596	(8)	3,588
Income (loss) before transfers	(2,841)	206	(2,635)
Changes in net assets	(2,841)	206	(2,635)
Total net assets - beginning of the year	97,614	32,117	129,731
Total net assets - end of the year	$94,773	$32,323	$127,096

STATE OF MARYLAND

Combining Statement of Cash Flows
Non-major Enterprise Funds
For the Year Ended June 30, 2009

(Expressed in Thousands)

	Economic Development Insurance Programs	Maryland Correctional Enterprises	Total Non-major Enterprise Funds
Cash flows from operating activities:			
Receipts from customers	$ 3,368	$ 56,700	$ 60,068
Payments to suppliers		(35,181)	(35,181)
Payments to employees	(2,056)	(15,368)	(17,424)
Other receipts	429		429
Other payments	(5,337)	(3,456)	(8,793)
Net cash from operating activities	(3,596)	2,695	(901)
Cash flows from capital and related financing activities:			
Payments on interfund borrowings		(350)	(350)
Acquisition of capital assets		(799)	(799)
Net cash from capital and related financing activities		(1,149)	(1,149)
Cash flows from investing activities:			
Interest on investments	3,596		3,596
Net cash from investing activities	3,596		3,596
Net change in cash and cash equivalents		1,546	1,546
Balance - beginning of the year		10	10
Balance - end of the year	$ –	$ 1,556	$1,556
Reconciliation of operating income to net cash from operating activities:			
Operating income (loss)	$(6,437)	$214	$ (6,223)
Adjustments to reconcile operating income to net cash from operating activities:			
Depreciation and amortization		1,468	1,468
Effect of changes in non-cash operating assets and liabilities:			
Equity in pooled invested cash	(4,306)	(3,456)	(7,762)
Other accounts receivable		3,506	3,506
Inventories		913	913
Loans and notes receivable	28		28
Other assets	105	(95)	10
Accounts payable and accrued liabilities	(101)	(230)	(331)
Accrued insurance on loan losses	5,547		5,547
Unearned revenue	1,634	316	1,950
Other liabilities	(66)	59	(7)
Net cash from operating activities	$(3,596)	$ 2,695	$ (901)

STATE OF MARYLAND

Fiduciary Funds

The Pension and Other Employee Benefits Trust Funds include the Maryland State Retirement and Pension System, the Maryland Transit Administration Pension Plan, and the Deferred Compensation Plan. The Trust Funds reflect the transactions, assets, liabilities and fund equities of the plans administered by the State and the Maryland Transit Administration and are accounted for using the flow of economic resources measurement focus. The Deferred Compensation Plan, which is included with a year end of December 31, accounts for participant earnings deferred in accordance with Internal Revenue Code Sections 457, 403(b), 401(a) and 401(k). Amounts deferred are invested and are not subject to federal income taxes until paid to participants upon termination or retirement from employment, death or for an unforeseeable emergency.

The agency funds are custodial in nature and do not present the results of operations or have a measurement focus. The State uses agency funds to account for the receipt and disbursement of patient and prisoner accounts, various taxes collected by the State for distribution to the Federal government and political subdivisions and amounts withheld from employees' payroll.

STATE OF MARYLAND

Combining Statement of Fiduciary Net Assets
Pension and Other Employee Benefits Trust Funds
June 30, 2009

(Expressed in Thousands)

	Maryland State Retirement and Pension System	Maryland Transit Administration Pension Plan	Deferred Compensation Plan December 31, 2008	Total
Assets:				
Cash and cash equivalents	$ 3,360,914	$ 8,468	$ 6,376	$ 3,375,758
Investments:				
U.S. Treasury and agency obligations	103,556	6,214		109,770
Bonds	2,032,430	12,770		2,045,200
Corporate equity securities	11,402,270	62,886		11,465,156
Mortgage related securities	2,178,258	7,565		2,185,823
Mutual funds	3,658,513		1,046,209	4,704,722
Guaranteed investment contracts			733,546	733,546
Real estate	1,034,359	1,117		1,035,476
Annuity contracts			118,910	118,910
Private equity	959,143			959,143
Investments held by borrowers under securities lent with cash collateral	4,860,510			4,860,510
Total investments	26,229,039	90,552	1,898,665	28,218,256
Other receivables	589,689	4,846	22,209	616,744
Collateral for lent securities	5,017,132			5,017,132
Total assets	35,196,774	103,866	1,927,250	37,227,890
Liabilities:				
Accounts payable and accrued liabilities	1,609,168	1,838		1,611,006
Collateral obligation for lent securities	5,017,132			5,017,132
Total liabilities	6,626,300	1,838		6,628,138
Net assets:				
Held in trust for :				
Pension benefits	28,570,474	102,028		28,672,502
Deferred compensation benefits			1,927,250	1,927,250
Total net assets	$28,570,474	$102,028	$1,927,250	$30,599,752

STATE OF MARYLAND

Combining Statement of Changes in Plan Net Assets
Pension and Other Employee Benefits Trust Funds

For the Year Ended June 30, 2009

(Expressed in Thousands)

	Maryland State Retirement and Pension System	Maryland Transit Administration Pension Plan	Deferred Compensation Plan December 31, 2008	Total
Additions:				
Contributions:				
Employers	$ 443,524	$ 27,254	$ 20,840	$ 491,618
Members	532,101		167,049	699,150
Sponsors	666,039			666,039
Total contributions	1,641,664	27,254	187,889	1,856,807
Investment earnings:				
Net appreciation (depreciation) in fair value of investments.	(7,841,176)	(32,425)	(653,280)	(8,526,881)
Interest	312,877	2,567	40,385	355,829
Dividends	245,466			245,466
Real estate operating net earnings	21,600			21,600
Total investment income	(7,261,233)	(29,858)	(612,895)	(7,903,986)
Less: investment expense	94,673			94,673
Net investment income	(7,355,906)	(29,858)	(612,895)	(7,998,659)
Total additions	(5,714,242)	(2,604)	(425,006)	(6,141,852)
Deductions:				
Benefit payments	2,279,171	21,003	169,676	2,469,850
Refunds	22,324			22,324
Administrative expenses	27,499	422	3,656	31,577
Total deductions	2,328,994	21,425	173,332	2,523,751
Changes in net assets	(8,043,236)	(24,029)	(598,338)	(8,665,603)
Net assets held in trust for pension and other employee benefits:				
Beginning of the year	36,613,710	126,057	2,525,588	39,265,355
End of the year	$28,570,474	$102,028	$1,927,250	$30,599,752

STATE OF MARYLAND
Combining Schedule of Fiduciary Net Assets
Maryland State Retirement and Pension System
June 30, 2009
(Expressed in Thousands)

	Teachers' Retirement and Pension Systems	Employees' Retirement and Pension Systems	Judges' Retirement System	State Police Retirement System	Local Fire and Police System	Law Enforcement Officers' Pension System	Subtotal	Eliminations*	Total
Assets:									
Cash and cash equivalents	$ 2,006,791	$1,127,393	$ 42,117	$139,745		$ 44,868	$ 3,360,914		$ 3,360,914
Investments, at fair value	15,822,025	9,052,372	191,711	826,890		336,041	26,229,039		26,229,039
Other receivables	314,456	246,427	3,807	17,185		7,814	589,689		589,689
Due from other systems	29,632	11,518		1		32	41,183	$(41,183)	
Collateral for lent securities	3,027,589	1,731,018	36,688	157,528		64,309	5,017,132		5,017,132
Total assets	21,200,493	12,168,728	274,323	1,141,349	-	453,064	35,237,957	(41,183)	35,196,774
Liabilities:									
Accounts payable and accrued liabilities	971,905	554,111	11,910	50,683		20,559	1,609,168		1,609,168
Due to other systems	29,651	11,525				7	41,183	(41,183)	
Collateral obligation for lent securities	3,027,589	1,731,018	36,688	157,528		64,309	5,017,132		5,017,132
Total liabilities	4,029,145	2,296,654	48,598	208,211	-	84,875	6,667,483	(41,183)	6,626,300
Net Assets:									
Held in trust for pension benefits	$17,171,348	$9,872,074	$225,725	$933,138	$ -	$368,189	$28,570,474	$ -	$28,570,474

*Intersystem due from/due to have been eliminated in the financial statements.

STATE OF MARYLAND
Combining Schedule of Changes in Plan Net Assets
Maryland State Retirement and Pension System
For the Year Ended June 30, 2009
(Expressed in Thousands)

	Teachers' Retirement and Pension Systems	Employees' Retirement and Pension Systems	Judges' Retirement System	State Police Retirement System	Local Fire and Police System	Law Enforcement Officers' Pension System	Subtotal	Eliminations*	Total
Additions:									
Contributions:									
Employers	$ 17,085	$ 345,728	$ 17,357	$ 17,214		$ 46,140	$ 443,524		$ 443,524
Members	313,873	203,679	1,793	6,820		5,936	532,101		532,101
Sponsors	656,170	9,706	163				666,039		666,039
Total contributions	987,128	559,113	19,313	24,034		52,076	1,641,664		1,641,664
Investment earnings:									
Net decrease in fair value of investments	(4,771,370)	(2,684,170)	(57,908)	(237,300)		(90,428)	(7,841,176)		(7,841,176)
Interest	181,214	112,470	2,780	10,389		6,024	312,877		312,877
Dividends	148,351	84,488	1,794	8,044		2,789	245,466		245,466
Real estate operating net earnings	13,030	7,447	158	706		259	21,600		21,600
Total investment income	(4,428,775)	(2,479,765)	(53,176)	(218,161)		(81,356)	(7,261,233)		(7,261,233)
Less investment expense	57,056	32,810	673	2,968		1,166	94,673		94,673
Net investment income	(4,485,831)	(2,512,575)	(53,849)	(221,129)		(82,522)	(7,355,906)		(7,355,906)
Transfers from other systems	62,984	25,082	2	13		1,528	89,609	$(89,609)	
Total additions	(3,435,719)	(1,928,380)	(34,534)	(197,082)		(28,918)	(5,624,633)	(89,609)	(5,714,242)
Deductions:									
Benefit payments	1,364,598	770,979	23,459	91,237		28,898	2,279,171		2,279,171
Refunds	11,422	10,108	1	493		300	22,324		22,324
Administrative expenses	14,570	12,380	38	187		324	27,499		27,499
Transfers to other systems	61,304	23,361	2	28	$ 4,665	249	89,609	(89,609)	
Total deductions	1,451,894	816,828	23,500	91,945	4,665	29,771	2,418,603	(89,609)	2,328,994
Changes in net assets	(4,887,613)	(2,745,208)	(58,034)	(289,027)	(4,665)	(58,689)	(8,043,236)		(8,043,236)
Net assets held in trust for pension benefits:									
Beginning of the year	22,058,961	12,617,282	283,759	1,222,165	4,665	426,878	36,613,710		36,613,710
End of the year	$17,171,348	$9,872,074	$225,725	$933,138	$ -	$368,189	$28,570,474	$ -	$28,570,474

*Intersystem transfers have been eliminated in the financial statements.

STATE OF MARYLAND

Combining Statement of Fiduciary Net Assets
Agency Funds
June 30, 2009

(Expressed in Thousands)

	Agency Funds					
	Local Income Taxes	Insurance Premium Taxes	Local Transportation Funds and Other Taxes	Payroll Taxes and Fringe Benefits	Litigant, Patient and Prisoner Accounts	Total Agency Funds
Assets:						
Cash and cash equivalents		$ 10	$72,580		$87,837	$ 160,427
Equity in pooled invested cash	$ 710,098	76,642	9,082	$529	5,608	801,959
Taxes receivable, net	224,108					224,108
Intergovernmental receivables	366,779					366,779
Other receivables		2,410				2,410
Total assets	$1,300,985	$79,062	$81,662	$529	$93,445	$1,555,683
Liabilities:						
Accounts payable and accrued liabilities		$79,062	$ 1,240	$529	$91,996	$ 172,827
Accounts payable to political subdivisions	$1,300,985		80,422		1,449	1,382,856
Total liabilities	$1,300,985	$79,062	$81,662	$529	$93,445	$1,555,683

STATE OF MARYLAND

Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2009

(Expressed in Thousands)

	Balance June 30, 2008	Additions	Deletions	Balance June 30, 2009
Litigant, Patient and Prisoner Accounts				
Assets:				
Cash and cash equivalents	$ 98,158	$ 126,327	$ 136,648	$ 87,837
Equity in pooled invested cash	5,124	20,401	19,917	5,608
Total assets	$ 103,282	$ 146,728	$ 156,565	$ 93,445
Liabilities:				
Accounts payable and accrued liabilities	$ 101,283	$ 146,610	$ 155,897	$ 91,996
Accounts payable to political subdivisions	1,999	118	668	1,449
Total liabilities	$ 103,282	$ 146,728	$ 156,565	$ 93,445
Insurance Premium Taxes				
Assets:				
Cash and cash equivalents	$ 10			$ 10
Equity in pooled invested cash	75,907	$ 27,971	$ 27,236	76,642
Other receivables	2,200	210		2,410
Total assets	$ 78,117	$ 28,181	$ 27,236	$ 79,062
Liabilities:				
Accounts payable and accrued liabilities	$ 78,117	$ 28,181	$ 27,236	$ 79,062
Local Income Taxes				
Assets:				
Equity in pooled invested cash	$1,536,103	$3,530,491	$4,356,496	$ 710,098
Taxes receivable	239,559	91,720	107,171	224,108
Intergovernmental receivables		366,779		366,779
Total assets	$1,775,662	$3,988,990	$4,463,667	$1,300,985
Liabilities:				
Accounts payable to political subdivisions	$1,775,662	$3,988,990	$4,463,667	$1,300,985
Local Transportation Funds and Other Taxes				
Assets:				
Cash and cash equivalents	$ 3,028	$ 71,340	$ 1,788	$ 72,580
Equity in pooled invested cash	52,117	137,681	180,716	9,082
Total assets	$ 55,145	$ 209,021	$ 182,504	$ 81,662
Liabilities:				
Accounts payable and accrued liabilities	$ 3,028		$ 1,788	$ 1,240
Accounts payable to political subdivisions	52,117	$ 209,021	180,716	80,422
Total liabilities	$ 55,145	$ 209,021	$ 182,504	$ 81,662
Payroll Taxes and Fringe Benefits				
Assets:				
Equity in pooled invested cash	$ 320	$1,270,328	$1,270,119	$ 529
Liabilities:				
Accounts payable and accrued liabilities	$ 320	$1,270,328	$1,270,119	$ 529
Totals - All Agency Funds				
Assets:				
Cash and cash equivalents	$ 101,196	$ 197,667	$ 138,436	$ 160,427
Equity in pooled invested cash	1,669,571	4,986,872	5,854,484	801,959
Taxes receivable	239,559	91,720	107,171	224,108
Intergovernmental receivables		366,779		366,779
Other receivables	2,200	210		2,410
Total assets	$2,012,526	$5,643,248	$6,100,091	$1,555,683
Liabilities:				
Accounts payable and accrued liabilities	$ 182,748	$1,445,119	$1,455,040	$ 172,827
Accounts payable to political subdivisions	1,829,778	4,198,129	4,645,051	1,382,856
Total liabilities	$2,012,526	$5,643,248	$6,100,091	$1,555,683

Non-major Component Unit Financial Statements

Non-major Component Units

Non-major component units are comprised of the following proprietary fund type entities.

Maryland Environmental Service

The Maryland Environmental Service was created as a body corporate and politic. The Service helps private industry and local governments manage liquid, solid and hazardous wastes. In accordance with direction from the Governor, the Service plans and establishes major resource recovery facilities, solid waste management plans and hazardous waste management programs.

Maryland Industrial Development Financing Authority

The Maryland Industrial Development Financing Authority was established as a body corporate and politic and a public instrumentality of the State to provide financial assistance to enterprises seeking to locate or expand operations in Maryland.

Maryland Food Center Authority

The Maryland Food Center Authority is a body corporate and politic which was created to establish and operate a consolidated wholesale food center within the Greater Baltimore Region and is subject to State regulations.

Maryland Technology Development Corporation

The Maryland Technology Development Corporation was established as a body corporate and politic and a public instrumentality of the State to assist in the commercialization of technology developed in the universities and the private sector. The Corporation administers the Maryland Technology Incubator Program and the Maryland Stem Cell Research Fund.

STATE OF MARYLAND

Combining Statement of Net Assets
Non-major Component Units
June 30, 2009

(Expressed in Thousands)

	Maryland Environmental Service	Maryland Industrial Development Financing Authority	Maryland Food Center Authority	Maryland Technology Development Corporation	Total Non-major Component Units
Assets:					
Cash and cash equivalents	$360		$5	$2,957	$3,322
Equity in pooled invested cash		$41,076	4,007		45,083
Investments	27,766			9,523	37,289
Other accounts receivable	27,264		95	15,941	43,300
Loans and notes receivable, net			521	316	837
Investments in direct financing leases..	5,893				5,893
Other assets	7,744		11	45	7,800
Restricted assets:					
Investments	8,993				8,993
Capital assets, net of accumulated depreciation:					
Land	2,760		5,103		7,863
Structures and improvements	12,852		14,377		27,229
Equipment	7,266		529	40	7,835
Construction in progress	5,640		329		5,969
Total assets	106,538	41,076	24,977	28,822	201,413
Liabilities:					
Accounts payable and accrued liabilities	15,450		205	21,727	37,382
Unearned revenue		47	203	2,226	2,476
Accrued insurance on loan losses		9,693			9,693
Other liabilities			219		219
Bonds and notes payable:					
Due within one year	1,447				1,447
Due in more than one year	6,118				6,118
Other noncurrent liabilities:					
Due within one year	36,562		75		36,637
Due in more than one year	28,506		49		28,555
Total liabilities	88,083	9,740	751	23,953	122,527
Net Assets:					
Invested in capital assets, net of related debt	16,466		20,338	40	36,844
Restricted for capital improvements and deposits	9		274		283
Unrestricted	1,980	31,336	3,614	4,829	41,759
Total net assets	$18,455	$31,336	$24,226	$4,869	$78,886

STATE OF MARYLAND

Combining Statement of Activities
Non-major Component Units
For the Year Ended June 30, 2009

(Expressed in Thousands)

	Maryland Environmental Service	Maryland Industrial Development Financing Authority	Maryland Food Center Authority	Maryland Technology Development Corporation	Total Non-major Component Units
Expenses:					
General and administrative	$11,359	$1,287	$1,272	$421	$14,339
Operation and maintenance of facilities	93,842		2,081		95,923
Provision for insurance on loan losses		4,936			4,936
Interest on long-term debt	1,073				1,073
Depreciation and amortization	2,319		756	24	3,099
Other	620			22,206	22,826
Total expenses	109,213	6,223	4,109	22,651	142,196
Program revenues:					
Charges for services and sales	111,179	670	4,411	12	116,272
Restricted investment earnings	85				85
Total charges for services	111,264	670	4,411	12	116,357
Operating grants and contributions				22,002	22,002
Capital grants and contributions	1,821				1,821
Total program revenues	113,085	670	4,411	22,014	140,180
Net program revenue (expense)	3,872	(5,553)	302	(637)	(2,016)
General revenues:					
Unrestricted investment earnings	146	1,417	405	444	2,412
Total general revenues	146	1,417	405	444	2,412
Changes in net assets	4,018	(4,136)	707	(193)	396
Net assets - beginning of the year	14,437	35,472	23,519	5,062	78,490
Net assets - end of the year	$18,455	$31,336	$24,226	$4,869	$78,886

STATE OF MARYLAND
Comprehensive Annual Financial Report

STATISTICAL SECTION

Statistical Section

This part of the State's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the State's economic condition.

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Demographic and Economic Information
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Operating Information
These schedules contain service data to help the reader understand how the information in the State's financial report relates to the services the State provides and the activities it performs 148

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The State implemented GASB Statement No. 34 in 2002. The schedules presenting government-wide information include information beginning in that year.

STATE OF MARYLAND
Net Assets by Component, Primary Government
Last Eight Fiscal Years*
(accrual basis of accounting)

(Expressed in Thousands)

	Year ended June 30,							
	2009	2008	2007	2006	2005	2004	2003	2002
Governmental activities:								
Invested in capital assets, net of related debt.	$14,381,207	$14,267,201	$13,853,102	$13,405,751	$12,940,305	$11,937,207	$11,943,249	$11,016,638
Restricted**	126,583	87,879	88,808	149,621	145,607	114,327	75,478	70,558
Unrestricted (deficit)	(5,152,460)	(2,273,983)	(559,318)	140,553	(668,169)	(1,046,233)	(1,239,572)	406,557
Total governmental activities net assets	$9,355,330	$12,081,097	$13,382,592	$13,695,925	$12,417,743	$11,005,301	$10,779,155	$11,493,753
Business-type activities:								
Invested in capital assets, net of related debt.	$1,368,562	$1,685,176	$1,613,891	$1,303,668	$1,217,923	$1,331,400	$1,231,338	$1,217,578
Restricted	2,321,225	2,421,939	1,835,767	1,901,771	1,828,027	1,556,170	1,518,996	1,378,025
Unrestricted	1,498,587	1,250,324	1,725,338	1,670,224	1,450,868	1,197,542	1,208,954	1,610,282
Total business-type activities net assets	$5,188,374	$5,357,439	$5,174,996	$4,875,663	$4,496,818	$4,085,112	$3,959,288	$4,205,885
Primary government:								
Invested in capital assets, net of related debt.	$15,749,769	$15,952,377	$15,466,993	$14,709,419	$14,158,228	$13,268,607	$13,174,587	$12,234,216
Restricted	2,447,808	2,509,818	1,924,575	2,051,392	1,973,634	1,670,497	1,594,474	1,448,583
Unrestricted (deficit)	(3,653,873)	(1,023,659)	1,166,020	1,810,777	782,699	151,309	(30,618)	2,016,839
Total primary government net assets	$14,543,704	$17,438,536	$18,557,588	$18,571,588	$16,914,561	$15,090,413	$14,738,443	$15,699,638

*Information for fiscal years prior to fiscal year ended June 30, 2002, is not available.

**Information for fiscal years prior to fiscal year ended June 30, 2006, has been restated to reflect reclassifications of certain restricted and unrestricted balances.

STATE OF MARYLAND
Changes in Net Assets
Last Eight Fiscal Years*
(accrual basis of accounting)

(Expressed in Thousands)

	Year ended June 30,							
	2009	2008	2007	2006	2005	2004	2003	2002
Governmental activities (1):								
Expenses	$28,467,897	$26,793,866	$24,691,358	$22,326,398	$21,203,763	$20,382,202	$19,588,410	$18,234,226
Program revenues	10,177,024	8,669,151	8,669,565	8,073,911	7,948,502	7,941,822	7,221,988	6,579,856
Net (expense)/revenue, governmental activities	(18,290,873)	(18,124,715)	(16,021,793)	(14,252,487)	(13,255,261)	(12,440,380)	(12,366,422)	(11,654,370)
General revenues and other changes, governmental activities	15,742,974	16,823,220	15,708,460	15,530,669	14,667,703	12,592,202	11,651,824	11,209,102
Change in net assets, governmental activities	(2,547,899)	(1,301,495)	(313,333)	1,278,182	1,412,442	151,822	(714,598)	(445,268)
Net assets, beginning	12,081,097	13,382,592	13,695,925	12,417,743	11,005,301	10,779,155	11,493,753	3,371,858
Restatement (2)	(177,868)					74,324		8,567,163
Net assets, ending, governmental activities	$9,355,330	$12,081,097	$13,382,592	$13,695,925	$12,417,743	$11,005,301	$10,779,155	$11,493,753
Business-type activities (1):								
Expenses	$3,191,998	$2,308,944	$2,204,570	$2,018,125	$1,980,350	$2,038,850	$2,191,318	$1,960,333
Program revenues	3,323,650	2,943,519	2,822,801	2,850,386	2,755,686	2,594,808	2,339,895	2,097,340
Net (expense)/revenue, business-type activities	131,652	634,575	618,231	832,261	775,336	555,958	148,577	137,007
General revenues and other changes, business-type activities	(443,156)	(452,132)	(318,898)	(453,416)	(396,571)	(430,134)	(395,174)	(99,232)
Change in net assets, business-type activities	(311,504)	182,443	299,333	378,845	378,765	125,824	(246,597)	37,775
Net assets, beginning	5,357,439	5,174,996	4,875,663	4,496,818	4,085,112	3,959,288	4,205,885	2,995,032
Restatement (2)	142,439				32,941			1,173,078
Net assets, ending, business-type activities	$5,188,374	$5,357,439	$5,174,996	$4,875,663	$4,496,818	$4,085,112	$3,959,288	$4,205,885
Primary government:								
Expenses	$31,659,895	$29,102,810	$26,895,928	$24,344,523	$23,184,113	$22,421,052	$21,779,728	$20,194,559
Program revenues	13,500,674	11,612,670	11,492,366	10,924,297	10,704,188	10,536,630	9,561,883	8,677,196
Net (expense)/revenue, primary government	(18,159,221)	(17,490,140)	(15,403,562)	(13,420,226)	(12,479,925)	(11,884,422)	(12,217,845)	(11,517,363)
General revenues and other changes, primary government	15,299,818	16,371,088	15,389,562	15,077,253	14,271,132	12,162,068	11,256,650	11,109,870
Change in net assets, primary government	(2,859,403)	(1,119,052)	(14,000)	1,657,027	1,791,207	277,646	(961,195)	(407,493)
Net assets, beginning	17,438,536	18,557,588	18,571,588	16,914,561	15,090,413	14,738,443	15,699,638	6,366,890
Restatement	(35,429)				32,941	74,324		9,740,241
Net assets, ending, primary government	$14,543,704	$17,438,536	$18,557,588	$18,571,588	$16,914,561	$15,090,413	$14,738,443	$15,699,638

*Information for fiscal years prior to fiscal year ended June 30, 2002 is not available.

(1) See the Expenses by Function, Primary Government and Revenues, Primary Government schedules for detail information on expenses and revenues.

(2) The beginning net assets for fiscal year 2002 were restated due to implementation of GASB Statement No. 34 and for fiscal year 2004 due to implementation of GASB Technical Bulletin No. 2004-1. The beginning net assets for fiscal year 2005 were restated for a change in accounting principles regarding the valuation of investments by the State Lottery Agency. Prior years' balances were not restated. Beginning net assets balances were restated for fiscal year 2009 to recognize pollution remediation obligations for governmental activities and a prior period adjustment for capital assets of the Maryland Transportation Authority in the business-type activities.

STATE OF MARYLAND
Expenses by Function, Primary Government
Last Eight Fiscal Years*
(accrual basis of accounting)

(Expressed in Thousands)

Functions / Programs	Year ended June 30, 2009	2008	2007	2006	2005	2004	2003	2002
Governmental activities:								
General government	$ 835,858	$ 815,107	$ 712,936	$ 693,074	$ 747,486	$ 598,116	$ 665,133	$ 610,560
Health and mental hygiene	8,398,880	7,648,495	7,400,023	6,588,057	6,202,439	6,090,102	5,592,272	4,908,418
Education	7,173,417	6,834,608	6,469,864	5,701,642	5,180,165	4,871,972	4,229,670	4,124,255
Aid for higher education**	1,878,043	1,851,379	1,299,090	1,103,514	1,074,048	1,081,099	1,554,955	1,536,851
Human resources	2,163,217	1,859,485	1,647,583	1,622,945	1,595,093	1,586,022	1,633,461	1,536,124
Public safety	2,134,038	2,100,098	1,852,861	1,674,995	1,498,684	1,398,017	1,338,202	1,194,952
Transportation	3,202,687	3,054,406	2,913,259	2,382,539	1,912,602	1,839,205	1,694,321	1,630,724
Judicial	682,324	633,844	541,713	506,787	476,253	439,576	429,302	408,571
Labor, licensing and regulation	204,027	186,470	168,022	157,675	170,344	175,551	182,584	173,625
Natural resources and recreation	219,060	179,682	166,751	181,682	184,599	169,791	168,107	149,372
Housing and community development	248,334	247,515	229,008	217,544	212,753	202,278	203,946	168,595
Environment	123,854	108,273	92,977	84,973	78,238	85,382	95,079	87,432
Agriculture	94,930	82,163	59,294	56,706	55,985	46,427	85,426	64,395
Business and economic development	94,584	97,991	66,405	57,093	58,127	58,666	43,387	55,570
Intergovernmental grants	624,475	742,398	738,973	979,450	1,453,408	1,461,133	1,422,007	1,375,043
Interest	390,169	351,952	332,599	317,722	303,539	278,865	250,558	209,739
Total governmental activities expenses	28,467,897	26,793,866	24,691,358	22,326,398	21,203,763	20,382,202	19,588,410	18,234,226
Business-type activities:								
Economic development - insurance programs	8,881	4,759	1,545	11	(132)	(4,911)	2,938	5,262
Economic development - general loan programs	30,586	21,547	181,394	19,129	31,010	53,237	48,633	69,381
Economic development - water quality loan programs	43,245	42,409	8,465	26,045	10,574	11,348	11,510	11,892
Economic development - housing loan programs	210,603	189,906	58,816	131,420	138,723	135,717	213,404	210,469
Unemployment insurance program	1,330,465	544,109	445,877	403,776	432,125	581,634	633,904	550,345
Maryland State Lottery	1,207,171	1,133,587	1,094,065	1,061,295	1,005,275	927,941	883,736	867,910
Maryland Transportation Authority	308,383	325,721	368,170	334,905	324,838	300,072	359,015	205,831
Maryland Correctional Enterprises	52,664	46,906	46,238	41,544	37,937	33,812	38,178	39,243
Total business-type activities expenses	3,191,998	2,308,944	2,204,570	2,018,125	1,980,350	2,038,850	2,191,318	1,960,333
Total primary government expenses	$31,659,895	$29,102,810	$26,895,928	$24,344,523	$23,184,113	$22,421,052	$21,779,728	$20,194,559

*Information for fiscal years prior to fiscal year ended June 30, 2002 is not available.

**Information for fiscal years 2002 & 2003 has been restated to reflect reclassification of certain expenditures.

STATE OF MARYLAND
Revenues, Primary Government
Last Eight Fiscal Years*
(accrual basis of accounting)
(Expressed in Thousands)

Source	Year ended June 30, 2009	2008	2007	2006	2005	2004	2003	2002
Governmental activities:								
Program revenues:								
Charges for services:								
General government	$ 616,176	$ 359,589	$ 424,639	$ 301,119	$ 484,933	$ 349,078	$ 325,115	$ 238,480
Health and mental hygiene	564,677	458,706	417,753	353,211	320,596	289,988	224,300	191,164
Transportation	508,629	611,002	643,447	583,346	580,691	716,422	526,253	615,261
Judicial	252,847	260,145	403,697	415,925	384,985	384,215	276,787	291,546
Other activities	462,761	377,905	327,765	303,259	298,033	277,720	303,190	271,176
Operating grants and contributions	7,079,697	5,924,816	5,725,441	5,323,300	5,091,053	5,204,906	4,843,927	4,225,374
Capital grants and contributions	692,237	676,988	726,823	793,751	788,211	719,493	722,416	746,855
Total program revenues	10,177,024	8,669,151	8,669,565	8,073,911	7,948,502	7,941,822	7,221,988	6,579,856
General revenues:								
Taxes:								
Income taxes	7,167,890	7,885,639	7,333,979	7,119,633	6,829,564	5,518,813	5,107,593	4,913,185
Sales and use taxes	3,857,020	3,748,724	3,448,766	3,385,391	3,149,736	2,944,534	2,719,547	2,690,099
Motor vehicle taxes	1,787,144	1,920,460	1,995,525	1,996,645	2,045,021	1,805,796	1,706,255	1,673,260
Tobacco taxes	405,559	376,112	277,755	280,307	275,796	272,066	279,016	209,881
Insurance company taxes	369,479	469,144	390,026	356,816	311,591	260,137	238,258	193,536
Property taxes	968,892	1,026,592	1,010,513	1,142,071	1,000,405	838,976	576,186	511,543
Estate & inheritance taxes	229,723	261,987	242,208	238,462	198,272	167,590	157,484	197,258
Other taxes	293,391	311,048	309,883	302,106	306,139	300,622	281,550	288,823
Unrestricted investment earnings	202,682	345,578	350,249	251,388	130,359	48,134	62,611	109,065
Special items							114,200	25,628
Transfers	461,194	477,936	349,556	457,850	420,820	435,534	409,124	396,824
Total general revenues, special items and transfers	15,742,974	16,823,220	15,708,460	15,530,669	14,667,703	12,592,202	11,651,824	11,209,102
Total revenues, transfers and special items - governmental activities	25,919,998	25,492,371	24,378,025	23,604,580	22,616,205	20,534,024	18,873,812	17,788,958
Business-type activities:								
Program revenues:								
Charges for services:								
Unemployment insurance program	475,032	440,848	464,411	541,386	590,805	528,238	341,004	254,483 **
Maryland State Lottery	1,699,156	1,673,038	1,577,311	1,560,906	1,485,733	1,395,408	1,322,239	1,306,538
Maryland Transportation Authority	391,558	425,504	371,468	404,446	359,157	280,098	242,429	189,658

Other activities	366,916	346,494	333,621	274,918	242,337	203,462	257,859	337,536 **
Operating grants and contributions	390,988	57,635	25,995	27,020	26,206	129,991	136,113	234,993
Capital grants and contributions			49,995	41,710	51,448	57,611	40,251	53,701
Total program revenues	3,323,650	2,943,519	2,822,801	2,850,386	2,755,686	2,594,808	2,339,895	2,376,909
General revenues:								
Unrestricted investment earnings	18,038	25,804	30,658	4,434	24,249	5,400	13,950	18,023 **
Transfers	(461,194)	(477,936)	(349,556)	(457,850)	(420,820)	(435,534)	(409,124)	(396,824)
Total general revenues and transfers	(443,156)	(452,132)	(318,898)	(453,416)	(396,571)	(430,134)	(395,174)	(378,801)
Total revenues and transfers - business-type activities	2,880,494	2,491,387	2,503,903	2,396,970	2,359,115	2,164,674	1,944,721	1,998,108
Total primary government revenues, special items, and transfers	$28,800,492	$27,983,758	$26,881,928	$26,001,550	$24,975,320	$22,698,698	$20,818,533	$19,787,066

*Information for fiscal years prior to the fiscal year ended June 30, 2002, is not available.
**Information for fiscal year 2002 has been restated to reflect reclassification of certain revenues.

STATE OF MARYLAND
Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(Expressed in Thousands)

	Year ended June 30,									
	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
General Fund:										
Reserved	$1,363,060	$1,388,192	$2,373,711	$1,490,670	$1,537,565	$1,362,310	$1,295,012	$1,368,973	$1,467,309	$1,072,483
Unreserved (deficit)	146,862	1,497,396	885,256	2,041,884	1,084,392	127,127	(110,344)	265,468	989,296	1,297,584
Total general fund	1,509,922	2,885,588	3,258,967	3,532,554	2,621,957	1,489,437	1,184,668	1,634,441	2,456,605	2,370,067
All Other Governmental Funds:										
Reserved	574,349	519,013	523,796	599,016	563,511	588,190	554,714	615,866	566,430	472,225
Unreserved, reported in:										
Special revenue funds	166,567	(29,236)	162,627	219,737	173,094	199,289	135,710	134,470	400,957	418,314
Capital projects funds (1)	(375,595)	(128,045)	(83,260)	(196,454)	(297,322)	(425,038)	(163,001)	(156,587)	222,161	(27,397)
Debt service funds	104,238	54,263	57,132	122,456	115,833	73,268	30,815	25,916	117,127	98,550
Total all other governmental funds	469,559	415,995	660,295	744,755	555,116	435,709	558,238	619,665	1,306,675	961,692
Total governmental funds	$1,979,481	$3,301,583	$3,919,262	$4,277,309	$3,177,073	$1,925,146	$1,742,906	$2,254,106	$3,763,280	$3,331,759

(1) The unreserved fund balance deficit of the capital projects fund will be funded by future bond proceeds and capital appropriations of the general fund.

STATE OF MARYLAND
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

(Expressed in Thousands)

	Year ended June 30,									
	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Revenues:										
Income taxes	$ 7,156,297	$ 7,868,899	$ 7,325,181	$ 7,108,573	$ 6,814,378	$ 5,499,953	$ 5,080,359	$ 4,911,807	$ 5,741,664	$ 5,223,740
Retail sales and use taxes	3,851,752	3,748,933	3,447,896	3,382,851	3,153,676	2,945,060	2,717,383	2,689,567	2,646,103	2,497,531
Motor vehicle taxes and fees	1,787,144	1,920,460	1,995,525	1,996,645	2,045,021	1,805,796	1,706,255	1,673,260	1,589,698	1,581,708
Tobacco taxes	405,559	376,112	277,755	280,307	275,796	272,066	279,016	209,881	205,766	210,024
Insurance company taxes	369,479	469,144	390,026	356,816	311,591	260,137	238,258	193,536	190,579	172,491
Property taxes	968,892	1,026,592	1,010,513	1,142,071	1,000,405	838,976	576,186	511,543	563,389	538,119
Estate & inheritance taxes	229,723	261,987	242,208	238,462	198,272	167,590	157,484	197,258	182,597	169,660
Other taxes	293,391	311,048	309,883	302,106	306,139	300,621	281,550	288,823	298,864	265,238
Other licenses and fees	686,806	651,079	782,712	808,617	759,953	754,995	544,456	610,009	450,768	459,063
Charges for services	1,259,309	1,108,666	1,050,187	970,345	978,535	1,044,636	775,852	814,332	875,717	793,722
Revenues pledged as security for bonds	66,098	77,541	70,563	70,593	70,875	52,255	69,108	41,161 (1)		
Interest and other investment income	161,696	307,403	315,121	219,609	102,532	32,251	51,304	108,214	288,936	193,897
Federal	7,767,558	6,604,348	6,407,172	6,118,583	5,916,233	5,872,371	5,506,539	4,931,908	4,451,010	3,973,662
Other	377,127	214,755	240,671	108,689	331,224	162,748	261,226	153,510	126,379	99,482
Total revenues	25,380,831	24,946,967	23,865,413	23,104,267	22,264,630	20,009,455	18,244,976	17,334,809	17,611,470	16,178,337
Expenditures:										
Current:										
General government	757,186	729,788	716,958	738,472	703,466	627,626	640,205	627,367	586,812	546,049
Education	8,948,062	8,638,203	7,683,885	6,758,158	6,235,534	5,919,742	5,779,552	5,675,065	3,888,180	3,626,739
Business and economic development	90,892	94,503	65,774	56,374	57,287	58,259	43,441	55,418	55,952	54,593
Labor, licensing and regulation	182,751	166,848	164,255	154,607	166,787	174,047	181,835	174,725	177,196	183,363
Human resources	2,061,959	1,761,284	1,643,078	1,622,922	1,569,032	1,560,876	1,614,493	1,536,780	1,456,484	1,341,603
Health and mental hygiene	8,286,032	7,536,747	7,252,117	6,547,288	6,329,383	6,064,735	5,545,991	4,893,824	4,483,159	3,956,048
Environment	106,307	95,918	92,460	83,793	76,393	84,443	95,500	87,447	78,960	73,910
Transportation	1,333,618	1,262,973	1,219,507	1,121,714	1,273,622	1,143,520	1,123,911	1,103,756	1,070,893	1,007,331
Public safety	1,824,595	1,835,652	1,790,595	1,606,314	1,435,406	1,357,943	1,326,612	1,265,624	1,533,283	1,435,979
Judicial	585,778	556,056	527,618	490,861	462,568	434,135	421,702	407,079 (2)		
Housing and community development	244,208	244,581	228,105	215,940	211,577	202,346	205,501	168,580	121,602	103,804
Natural resources and recreation	205,876	188,675	177,553	165,439	167,018	166,730	175,845	167,160	150,850	147,179
Agriculture	142,804	147,494	101,252	64,044	56,624	60,537	83,384	91,562	75,990	59,552
Intergovernmental	1,425,506	1,597,734	1,590,590	1,562,539	1,453,408	1,461,133	1,422,007	1,375,043	1,336,429	1,186,985

Debt service:										
Principal	536,050	497,300	473,985	485,635	464,650	424,925	421,859	406,850	397,581	406,047
Interest	349,214	315,010	298,007	280,278	258,791	247,027	203,701	202,834	220,466	234,840
Capital outlays	1,430,170	1,476,506	1,437,741	1,538,927	1,531,461	1,461,067	1,464,110	1,415,740	1,343,570	1,121,889
Total expenditures	28,511,008	27,145,272	25,463,480	23,493,305	22,453,007	21,449,091	20,749,649	19,654,854	16,977,407	15,485,911
Excess (deficiency) of revenues over expenditures	(3,130,177)	(2,198,305)	(1,598,067)	(389,038)	(188,377)	(1,439,636)	(2,504,673)	(2,320,045)	634,063	692,426
Other financing sources (uses) :										
Capital leases	27,945	31,185	56,860	121,197	154,434	145,455	101,814	44,294	70,793	54,489
Proceeds from bond issues	1,318,718	1,071,403	831,193	904,907	937,480	898,818	1,196,199	615,846	422,890	202,417
Other long-term liabilities		102	2,411	5,320	12,321	142,015	171,239	119,460		20,000
Proceeds from refunding bonds	69,431				855,840	83,591	685,594	117,458		
Payments to escrow agents	(69,213)				(940,591)	(83,537)	(684,697)	(117,217)		
Transfers in	1,203,021	1,180,435	1,137,421	1,133,853	1,063,529	1,111,330	1,244,595	1,453,353	1,644,746	1,321,917
Transfers out	(741,827)	(702,499)	(787,865)	(676,003)	(642,709)	(675,796)	(835,471)	(1,056,529)	(1,302,866)	(991,248)
Transfers to component units								(3)	(1,038,105)	(916,892)
Net other sources (uses) of financial resources	1,808,075	1,580,626	1,240,020	1,489,274	1,440,304	1,621,876	1,879,273	1,176,665	(202,542)	(309,317)
Special items							114,200	25,628 (4)		
Net changes in fund balances	(1,322,102)	(617,679)	(358,047)	1,100,236	1,251,927	182,240	(511,200)	(1,117,752)	431,521	383,109
Fund balance, beginning of the year	3,301,583	3,919,262	4,277,309	3,177,073	1,925,146	1,742,906	2,254,106	3,763,280	3,331,759	2,948,650
Adjustments								(391,422) (5)		
Fund balance, end of the year	$ 1,979,481	$ 3,301,583	$ 3,919,262	$ 4,277,309	$ 3,177,073	$ 1,925,146	$ 1,742,906	$ 2,254,106	$ 3,763,280	$ 3,331,759
Debt service as a percentage of noncapital expenditures	3.4%	3.3%	3.3%	3.6%	3.6%	3.5%	3.4%	3.5%	4.0%	4.6%

(1) These revenues were previously recorded as Federal revenue.
(2) These expenditures were previously included in public safety.
(3) Effective July 1, 2001, all transactions between the primary government and component units are treated as revenues and expenses.
(4) Includes certain one-time transfers from organizations outside the primary government.
(5) Effective July 1, 2001, the beginning fund balance was restated for inventory. Also, the Maryland Transportation Authority's activities were no longer recorded in the special revenue and debt service funds, and its beginning equity was reclassified from the respective governmental funds to the enterprise funds.

STATE OF MARYLAND
Personal Income Tax Filers by Subdivision
Tax Year Ended December 31, 2008

Subdivision	Number of Filers	Adjusted Gross Income	Net Taxable Income	State Income Tax(1)	Local Income Tax	State and Local Income Tax	Local Tax Rate
Allegany	23,306	$ 1,154,336,855	$ 900,094,593	$ 38,876,822	$ 25,761,162	$ 64,637,984	3.05%
Anne Arundel	203,740	17,423,934,363	13,635,572,034	626,439,439	341,454,209	967,893,648	2.56
Baltimore County	317,104	23,717,950,113	18,495,606,881	846,735,762	506,932,874	1,353,668,636	2.83
Calvert	33,110	2,682,540,190	2,020,698,356	91,693,356	55,075,220	146,768,576	2.80
Caroline	11,390	584,974,380	427,257,846	17,188,264	10,424,194	27,612,458	2.63
Carroll	63,456	4,849,880,676	3,697,517,913	167,261,549	109,634,439	276,895,988	3.05
Cecil	35,287	2,279,954,540	1,741,592,583	58,644,602	46,612,962	105,257,564	2.80
Charles	53,580	3,926,906,045	2,845,703,106	127,721,470	79,698,100	207,419,570	2.90
Dorchester	11,338	564,515,429	418,193,045	17,378,161	10,127,267	27,505,428	2.62
Frederick	88,842	6,947,972,465	5,291,005,028	239,954,186	152,339,665	392,293,851	2.96
Garrett	9,903	531,580,562	411,290,062	17,558,611	10,241,318	27,799,929	2.65
Harford	92,864	6,841,295,453	5,219,192,641	233,475,770	154,662,063	388,137,833	3.06
Howard	106,735	11,182,594,756	8,876,178,082	413,132,245	280,767,789	693,900,034	3.20
Kent	6,944	465,471,613	353,879,976	14,537,772	9,690,079	24,227,851	2.85
Montgomery	379,739	41,070,791,364	33,086,283,732	1,511,917,178	1,046,272,919	2,558,190,097	3.20
Prince George's	325,760	19,285,581,210	13,150,296,997	570,978,588	385,388,690	956,367,278	3.10
Queen Anne's	17,345	1,437,190,757	1,091,020,173	48,973,756	30,263,308	79,237,064	2.85
St. Mary's	36,865	2,625,203,343	2,005,216,452	89,652,685	58,093,325	147,746,010	3.00
Somerset	6,533	298,611,204	219,857,619	9,124,649	6,321,308	15,445,957	3.15
Talbot	14,129	1,275,092,494	1,012,102,127	45,438,942	22,225,752	67,664,694	2.25
Washington	53,094	3,053,444,488	2,323,209,529	101,854,297	61,708,597	163,562,894	2.80
Wicomico	33,236	1,813,344,539	1,376,280,422	56,730,724	40,011,243	96,741,967	3.10
Worcester	20,223	1,227,188,627	934,898,842	39,699,296	11,184,183	50,883,479	1.25
Baltimore City	200,525	10,185,405,662	7,646,041,864	326,857,845	214,611,472	541,469,317	3.05
Non-resident	62,427	5,813,232,141	4,884,412,977	338,615,233		338,615,233	
Total	2,207,475	$171,238,993,269	$132,063,402,880	$6,050,441,202	$3,669,502,138	$9,719,943,340	

(1) See state personal income tax rates schedule for tax rate information.

Source: Revenue Administration Division, State Comptroller's Office

State Personal Income Tax and Sales Tax Rates
Calendar Years 2008 - 2009*

Filing Status, Single:		Married, Filing Jointly:	
Taxable Income:	Rate:	Taxable Income:	Rate:
$3,000 - $150,000	4.75%	$3,000 - $200,000	4.75%
$150,001 - $300,000	5.00%	$200,001 - $350,000	5.00%
$300,001 - $500,000	5.25%	$350,001 - $500,000	5.25%
$500,001 - $1,000,000	5.50%	$500,001 - $1,000,000	5.50%
over $1,000,000	6.25%	over $1,000,000	6.25%

Sales Tax Rate: 6%

*Rates effective January 1, 2008

State Personal Income Tax and Sales Tax Rates
Calendar Years 2000 - 2007

	Personal Income Tax Rate				
Year	1st $1,000 of Net Taxable Income	2nd $1,000 of Net Taxable Income	3rd $1,000 of Net Taxable Income	In excess of $3,000 Net Taxable Income	Sales Tax Rate
2007	2 %	3 %	4 %	4.75 %	5 %
2006	2	3	4	4.75	5
2005	2	3	4	4.75	5
2004	2	3	4	4.75	5
2003	2	3	4	4.75	5
2002	2	3	4	4.75	5
2001	2	3	4	4.80	5
2000	2	3	4	4.85	5

Source: Revenue Administration Division, State Comptroller's Office

STATE OF MARYLAND
Personal Income Tax Filers and Liability by Income Level
Last Ten Tax Years Ended December 31st

(Dollars, except income level, Expressed in Thousands)

	2008				2007			
	Number of Filers	Percentage of Total	Income Tax Liability	Percentage of Total	Number of Filers	Percentage of Total	Income Tax Liability	Percentage of Total
Income Level								
$500,000 and higher	18,490	0.84 %	$1,203,268	19.89 %	22,546	0.98 %	$1,343,286	21.49 %
$100,000-$499,999	436,125	19.76	2,680,009	44.29	422,874	18.43	2,619,517	41.92
$70,000-$99,999	299,054	13.55	817,229	13.51	299,022	13.04	839,000	13.43
$50,000-$69,999	309,460	14.02	569,793	9.42	310,886	13.55	591,121	9.46
$25,000-$49,999	619,265	28.05	619,216	10.23	636,783	27.76	669,599	10.71
$10,000-$24,999	445,300	20.17	152,357	2.52	482,515	21.03	174,561	2.79
Under $10,000	79,781	3.61	8,570	0.14	119,277	5.20	12,218	0.20
Total	2,207,475	100.00 %	$6,050,442	100.00 %	2,293,903	100.00 %	$6,249,302	100.00 %

	2006				2005			
	Number of Filers	Percentage of Total	Income Tax Liability	Percentage of Total	Number of Filers	Percentage of Total	Income Tax Liability	Percentage of Total
Income Level								
$500,000 and higher	20,188	0.89 %	$1,187,583	20.42 %	18,394	0.82%	$1,064,405	19.41 %
$100,000-$499,999	386,236	17.07	2,379,534	40.91	354,202	15.84	2,185,588	39.85
$70,000-$99,999	290,471	12.83	818,732	14.08	282,940	12.66	804,574	14.67
$50,000-$69,999	303,484	13.41	577,995	9.94	298,942	13.37	573,615	10.46
$25,000-$49,999	637,570	28.17	666,375	11.46	636,912	28.49	667,108	12.16
$10,000-$24,999	501,656	22.16	172,923	2.97	511,948	22.90	174,268	3.18
Under $10,000	123,697	5.47	13,275	0.23	132,317	5.92	14,411	0.26
Total	2,263,302	100.00 %	$5,816,417	100.00 %	2,235,655	100.00 %	$5,483,969	100.00 %

	2004				2003			
	Number of Filers	Percentage of Total	Income Tax Liability	Percentage of Total	Number of Filers	Percentage of Total	Income Tax Liability	Percentage of Total
Income Level								
$100,000 and higher	322,388	15.04 %	$2,473,983	53.06 %	289,448	13.75 %	$2,107,257	49.48 %
$75,000-$99,999	213,573	9.96	638,382	13.69	205,607	9.77	611,558	14.36
$50,000-$74,999	347,875	16.23	703,769	15.09	345,285	16.40	695,499	16.33
$25,000-$49,999	626,618	29.23	661,464	14.19	626,336	29.76	660,343	15.51
$10,000-$24,999	507,779	23.69	171,094	3.67	513,506	24.40	170,481	4.00
Under $10,000	125,426	5.85	13,758	0.30	124,623	5.92	13,594	0.32
Total	2,143,659	100.00 %	$4,662,450	100.00 %	2,104,805	100.00 %	$4,258,732	100.00 %

STATE OF MARYLAND
Personal Income Tax Filers and Liability by Income Level
Last Ten Tax Years Ended December 31st

(Dollars, except income level, Expressed in Thousands)

(continued)

	2002				2001			
	Number of Filers	Percentage of Total	Income Tax Liability	Percentage of Total	Number of Filers	Percentage of Total	Income Tax Liability	Percentage of Total
Income Level								
$100,000 and higher	269,980	12.87 %	$1,924,320	47.10 %	259,490	12.33 %	$1,935,778	46.45 %
$75,000-$99,999	201,154	9.59	597,359	14.62	195,174	9.27	596,649	14.32
$50,000-$74,999	346,786	16.53	700,379	17.15	343,206	16.31	715,851	17.18
$25,000-$49,999	631,516	30.10	672,903	16.47	635,022	30.18	710,635	17.05
$10,000-$24,999	523,825	24.97	176,215	4.31	535,255	25.44	192,110	4.61
Under $10,000	124,636	5.94	14,180	0.35	136,244	6.47	16,364	0.39
Total	2,097,897	100.00 %	$4,085,356	100.00 %	2,104,391	100.00 %	$4,167,387	100.00 %

	2000				1999			
	Number of Filers	Percentage of Total	Income Tax Liability	Percentage of Total	Number of Filers	Percentage of Total	Income Tax Liability	Percentage of Total
Income Level								
$100,000 and higher	249,751	11.88 %	$2,079,398	47.90 %	216,148	10.60 %	$1,759,730	44.58 %
$75,000-$99,999	186,436	8.86	586,145	13.50	173,353	8.50	545,918	13.83
$50,000-$74,999	335,542	15.95	720,951	16.61	324,731	15.92	698,803	17.70
$25,000-$49,999	623,894	29.66	729,468	16.80	607,977	29.81	713,496	18.08
$10,000-$24,999	552,841	26.29	206,352	4.75	557,913	27.36	209,862	5.32
Under $10,000	154,889	7.36	19,193	0.44	159,306	7.81	19,534	0.49
Total	2,103,353	100.00 %	$4,341,507	100.00 %	2,039,428	100.00 %	$3,947,343	100.00 %

Source: Revenue Administration Division, State Comptroller's Office

STATE OF MARYLAND
Sales and Use Tax Receipts by Principal Type of Business
Last Ten Fiscal Years
(Expressed in Thousands)

Year	Food and Beverage	Apparel	General Merchandise	Automotive	Furniture and Appliances	Building & Industrial Supplies	Utilities & Transportation	Hardware, Machinery & Equipment	Miscellaneous	Assessment Collections	Total Collections
2009	$851,038	$188,931	$705,193	$252,973	$362,374	$483,384	$404,219	$ 97,355	$489,672	$16,153	$3,851,292
2008	776,466	181,302	672,024	249,506	387,590	517,452	356,747	100,922	481,478	25,435	3,748,922
2007	689,279	167,918	612,937	234,898	380,999	504,516	316,600	91,628	432,831	16,233	3,447,839
2006	664,654	158,839	601,431	230,753	380,642	530,214	284,661	88,754	418,491	23,257	3,381,696
2005	624,292	151,837	568,018	221,341	360,580	475,135	254,860	84,498	390,889	22,226	3,153,676
2004	591,744	144,961	538,364	216,385	333,307	417,729	231,099	78,351	387,780	29,721	2,969,441
2003	555,108	133,363	504,099	202,927	314,144	359,468	218,537	70,427	362,003	17,165	2,737,241
2002	542,276	132,067	489,102	197,122	315,080	365,132	214,839	72,343	359,394	21,184	2,708,539
2001	519,182	131,930	483,137	193,744	342,499	348,702	228,701	73,417	330,213	17,534	2,669,059
2000	486,772	121,352	455,649	179,047	328,156	339,764	193,773	72,282	327,442	16,747	2,520,984

Source: Revenue Administration Division, Comptroller's Office

STATE OF MARYLAND
Schedule of Ratio of Outstanding Debt by Type
Last Eight Fiscal Years*

(Dollars Expressed in Thousands except Per Capita)

	General Bonded Debt		Other Governmental Activities Debt				Debt Ratios, Governmental Activities		Business-Type Activities Debt				Debt Ratios, Primary Government	
Fiscal Year	General Obligation Bonds	Transportation Bonds	Capital Leases	Transportation Debt / Other Liabilities(2)	Capital Leases with Component Units	Total Governmental Activities Debt	Percentage of Personal Income (1)	Per Capita (1)	Revenue Bonds	Capital Leases	Total Business-Type Activities Debt	Total Primary Government Debt	Percentage of Personal Income (1)	Per Capita (1)
2009	$5,873,643	$1,582,605	$848,208	$ -	$250,407	$8,554,863	3.14%	1,519	$5,422,501	$5,748	$5,428,249	$13,983,112	5.13%	2,482
2008	5,493,830	1,268,815	515,134	373,319	265,767	7,916,865	3.02	1,409	5,041,339	648	5,041,987	12,958,852	4.94	2,307
2007	5,142,154	1,111,050	535,482	391,029	278,265	7,457,980	3.03	1,331	4,140,383	1,124	4,141,507	11,599,487	4.70	2,071
2006	4,868,472	1,079,340	519,592	404,320	293,140	7,164,864	3.08	1,286	2,882,855	1,256	2,884,111	10,048,975	4.31	1,803
2005	4,511,826	1,071,620	440,236	409,587	304,220	6,737,489	3.06	1,217	2,825,315	1,673	2,826,988	9,564,477	4.34	1,727
2004	4,102,278	1,188,090	345,028	400,813	303,901	6,340,110	3.08	1,154	2,935,711	3,132	2,938,843	9,278,953	4.51	1,689
2003	3,932,493	964,400	262,792	264,099	296,672	5,720,456	2.88	1,053	3,220,797	2,371	3,223,168	8,943,624	4.50	1,646
2002	3,544,178	717,980	220,649	119,460	290,510	4,892,777	2.57	909	3,412,923	3,243	3,416,166	8,308,943	4.37	1,543

Source: General Accounting Division, State Comptroller's Office

*Information for fiscal years prior to fiscal year ended June 30, 2002, is not available.

(1) Population and personal income data can be found in the Schedule of Demographic Statistics.

(2) Transportation debt/other liabilities was reclassified as capital leases beginning in fiscal year 2009.

STATE OF MARYLAND
Ratio of General Bonded Debt
To Actual Value and General Bonded Debt Per Capita
Last Ten Fiscal Years

Fiscal Year	(Expressed in Thousands) Estimated Population (1)	Estimated Property Value	General Bonded Debt (2)	Ratio of General Bonded Debt to Actual Property Value	General Bonded Debt per Capita
2009	5,634	$707,573,095	$5,873,643	0.83%	$1,043
2008	5,618	633,453,169	5,493,830	0.87	978
2007	5,602	527,012,375	5,142,154	0.98	918
2006	5,573	452,249,831	4,868,472	1.08	874
2005	5,537	398,065,083	4,511,826	1.13	815
2004	5,494	361,689,307	4,102,278	1.13	747
2003	5,434	336,657,741	3,932,493	1.17	724
2002	5,383	318,778,365	3,544,178	1.11	658
2001	5,312	307,476,610	3,450,900	1.12	650
2000	5,255	327,817,193	3,348,866	1.02	637

Source: The Fifty-sixth through Sixty-fifth Report of the State Department of Assessments and Taxation and the State Comptroller's Office.

(1) See Schedule of Demographic Statistics.

(2) Includes general obligation bonds. The primary revenue source to pay the debt service for general obligation bonds is property taxes.

STATE OF MARYLAND
Legal Debt Margin Information
Last Ten Fiscal Years
(Expressed in Thousands)

Legal Debt Margin Calculation for Fiscal Year 2009

Debt limit (1)	$9,822,844
Debt applicable to limit:	
General obligation bonds	5,873,643
Transportation bonds	1,582,605
Nontraditional Transportation debt (2)	707,324
Less amounts set aside for repayment of:	
General obligation debt	107,675
Transportation debt	40,521
Total net debt applicable to limit	8,015,376
Legal debt margin	$1,807,468

	Year ended June 30,									
	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Debt limit	$9,822,844	$9,780,943	$9,064,691	$8,730,531	$7,819,314	$7,301,732	$6,800,976	$6,116,782	$5,747,158	$5,677,486
Total net debt applicable to limit	8,015,376	7,400,792	6,924,327	6,572,782	5,463,019	5,212,769	4,862,003	4,232,412	4,081,297	4,053,728
Legal debt margin	$1,807,468	$2,380,151	$2,140,364	$2,157,749	$2,356,295	$2,088,963	$1,938,973	$1,884,370	$1,665,861	$1,623,758
Total net debt applicable to the limit as a percentage of debt limit	81.60%	75.67%	76.39%	75.29%	69.87%	71.39%	71.49%	69.19%	71.01%	71.40%

Source: General Accounting Division, State Comptroller's Office

(1) For general obligation bonds, the debt limit is based on separate enabling acts for particular objects or purposes that are enacted during each legislative session. There is no separately mandated maximum amount for the issuance of general obligation bonds. For transportation bonds, the General Assembly each year establishes a maximum aggregate outstanding amount that does not exceed $1,500,000,000 up to June 30, 2004, does not exceed $2,000,000,000 up to June 30, 2007, and does not exceed $2,600,000,000 through June 30, 2009 and thereafter.

(2) The 2008 session of the General Assembly established a maximum outstanding principal amount of $693,800,000 as of June 30, 2009, for all nontraditional debt of the Department. Nontraditional debt outstanding is defined as any debt instrument that is not a Consolidated Transportation Bond or GARVEE bond. This debt includes certificates of participation, debt backed by customer facility charges, passenger facility charges, or other revenues, and debt issued by the Maryland Economic Development Corporation or any other third party on behalf of the Department.

STATE OF MARYLAND
Schedule of Taxes Pledged to Consolidated Transportation Bonds and Net Revenues as Defined for Purposes of Consolidated Transportation Bonds Coverage Tests (1)
Last Ten Fiscal Years
(Expressed in Thousands)

	Year ended June 30,									
	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Revenues:										
Taxes and fees (2):										
Taxes pledged to bonds	$1,234,750	$1,139,321	$1,196,568	$1,221,720	$1,220,851	$1,145,048	$1,073,953	$1,046,715	$1,027,808	$ 981,548
Other taxes and fees (3) (4) (6)	418,734	404,082	410,614	391,618	381,516	112,305	88,833	238,303	219,426	220,672
Total taxes and fees	1,653,484	1,543,403	1,607,182	1,613,338	1,602,367	1,257,353	1,162,786	1,285,018	1,247,234	1,202,220
Operating revenues	392,772	395,003	369,241	340,742	328,273	339,635	299,844	297,489	303,206	311,909
Investment income	3,996	3,683	10,574	8,211	4,928	3,374	2,960	3,724	10,423	10,206
Other (5)	(3,666)	4	39,836	87,640	75,902	90,943	79,023	25,950	24,619	19,361
Total revenues	2,046,586	1,942,093	2,026,833	2,049,931	2,011,470	1,691,305	1,544,613	1,612,181	1,585,482	1,543,696
Administration, operation and maintenance expenditures	1,526,965	1,488,310	1,396,872	1,302,582	1,237,446	1,177,889	1,159,176	1,044,908	979,318	913,059
Less: Federal funds	(93,729)	(79,228)	(72,598)	(70,828)	(79,892)	(76,503)	(76,841)	(50,396)	(29,418)	(24,723)
Total	1,433,236	1,409,082	1,324,274	1,231,754	1,157,554	1,101,386	1,082,335	994,512	949,900	888,336
Net revenues	$ 613,350	$ 533,011	$ 702,559	$ 818,177	$ 853,916	$ 589,919	$ 462,278	$ 617,669	$ 635,582	$ 655,360
Maximum annual principal and interest requirements	$197,281	$153,661	$129,550	$121,412	$141,172	$169,655	$153,965	$138,183	$127,060	$127,060
Ratio of net revenues to maximum annual principal and interest requirements	3.11	3.47	5.42	6.74	6.04	3.48	3.00	4.47	5.00	5.16
Ratio of taxes pledged to bonds to maximum annual principal and interest requirements	6.26	7.41	9.24	10.06	8.65	6.75	6.98	7.57	8.09	7.73

Source: The Secretary's Office of the Department of Transportation.

(1) Under the terms of the bond authorizing resolutions, additional Consolidated Transportation Bonds (Bonds) may be issued, provided, among other conditions, that (i) total receipts, less administration, operation and maintenance expenditures for the preceding fiscal year equal at least two times maximum annual debt service on all Bonds outstanding and to be issued and that (ii) total proceeds from pledged taxes equal at least two times maximum annual debt service on all Bonds outstanding and to be issued.

(2) Bonds are payable from certain taxes, principally, motor vehicle excise taxes, motor fuel taxes, and a portion of the corporate income tax. These amounts are available to the extent necessary for that exclusive purpose. Other receipts of the Department are available if necessary.

(3) In fiscal years 2003 and 2004, $160,000,000 and $154,913,000, respectively, of other taxes and fees were transferred to the General Fund per legislation.

(4) The 2004 Session of the Maryland General Assembly approved legislation increasing Vehicle Registration Fees.

(5) FY 2007 was the last year for the transfer of $43 million from Maryland Transportation Authority to the Transportation Trust Fund.

(6) Legislation was approved to increase the State's Sales Tax and the Vehicle Excise Tax (Titling) from 5% to 6%, effective Jan. 1, 2008. In addition, effective July 1, the percentage of Titling Tax retained by the Department was increased from 76% to 86.7%, and the Department now receives 24% of the State's Sales Tax.

STATE OF MARYLAND

Ratio of Pledged Assets to Revenue Bonds, Community Development Administration

Last Ten Fiscal Years

(Expressed in Thousands)

	Pledged Assets (1)	Revenue Bonds Payable	Ratio of Pledged Assets to Revenue Bonds
2009	$3,517,631	$2,983,490	1.18
2008	3,489,271	2,971,219	1.17
2007	3,497,373	3,016,848	1.16
2006	2,476,342	2,040,485	1.21
2005	2,439,264	1,973,583	1.24
2004	2,643,756	2,211,905	1.20
2003	3,003,939	2,537,388	1.18
2002	3,030,657	2,628,254	1.15
2001	3,004,743	2,640,052	1.14
2000	2,917,980	2,606,943	1.12

(1) Bonds and notes issued by the Community Development Administration (CDA) are special obligations of CDA and are payable solely from the revenues of the applicable mortgage loan programs. Assets, principally mortgage loans, and program revenues are pledged as collateral for the revenue bonds.

STATE OF MARYLAND
Schedule of Demographic Statistics
Last Ten Years

	Population (1)	Total Personal Income (2) (Expressed in Thousands)	Per Capita Personal Income	School Enrollment (3)	Unemployment Rate (4)
2009	5,633,597	$272,542,169	$48,378	975,861	5.9%
2008	5,618,899	264,367,477	47,050	1,024,803	3.7
2007	5,602,258	252,780,827	45,121	1,036,523	3.9
2006	5,575,552	237,522,127	42,601	1,050,627	3.8
2005	5,538,989	225,022,781	40,625	1,053,378	4.2
2004	5,495,009	209,373,672	38,103	1,056,520	4.3
2003	5,439,327	202,147,625	37,164	1,056,944	4.7
2002	5,375,659	194,986,252	36,272	1,049,733	4.6
2001	5,310,451	184,173,788	34,681	1,040,020	3.8
2000	5,254,509	169,278,462	32,216	1,017,574	3.3

Sources:

(1) US Department of Commerce, Bureau of Census, "Annual Population Estimates by State"
Note: Figures are estimates for the calendar year except that the current year amount is a projected estimate for the year.

(2) US Department of Commerce, Bureau of Economic Analysis. All ten years of income data based on April 2004 Comprehensive Revision of State Personal Income Statistics for 1969-2002.
Preliminary estimates are provided for 2003-2008. Data provided is for the prior ending calendar year.

(3) Figures are for the calendar year. State Department of Education, grades pre-kindergarten thru grade 12.
Includes public and nonpublic schools. 2009 data for nonpublic schools is incomplete.

(4) Figures are for the fiscal year. State Department of Labor, Licensing and Regulation.

STATE OF MARYLAND
Schedule of Employment by Sector
Prior Year and Nine Years Prior (3)

	Calendar Year 2008 (1)			Calendar Year 1999 (2)		
	Average Annual Employment	Total Wages (Expressed in Thousands)	Average Weekly Wages Per Worker	Average Annual Employment	Total Wages (Expressed in Thousands)	Average Weekly Wage Per Worker
Government:						
State and local	343,259	$ 16,768,528	$ 939	298,918	$10,157,877	$654
Federal	127,150	10,651,787	1,611	126,942	6,430,208	974
Total government	470,409	27,420,315	1,121	425,860	16,588,085	749
Manufacturing	128,440	7,945,238	1,190	176,852	7,633,663	830
Natural resources and mining	6,528	232,333	684	149,794	5,466,712	702
Construction	178,076	9,360,658	1,011			
Trade, transportation, and utilities	461,249	17,943,133	748			
Wholesale				108,437	4,487,166	796
Retail				112,894	5,231,115	891
Information services	49,820	3,336,494	1,288			
Financial activities	149,220	10,376,471	1,337	139,614	6,652,821	916
Professional and business services	398,952	25,063,169	1,208	765,923	25,932,860	651
Education and health services	367,671	16,683,401	873			
Leisure and hospitality	236,048	4,428,239	361			
Unclassified and other services	90,987	2,947,701	623	32,010	924,043	555
Total of all sectors	2,537,400	$125,737,152	$ 953	1,911,384	$72,916,465	$734

(1) Source: Maryland Department of Labor, Licensing and Regulation, Office of Labor Market Analysis and Information Publication "Employment and Payroll 2008 Annual Averages" issued July, 2009. This report reflects the new North American Industry Classification System (NAICS) coding revisions.

(2) Source: Maryland Department of Economic and Employment Development, Office of Labor Market Analysis and Information, December 31,1999.

(3) Some of the data is not comparative due to the reclassifications made during the term of the two periods.

STATE OF MARYLAND
Maryland's Ten Largest Private Employers*

Calendar Years

Employer (Listed Alphabetically)

2009	2008	2007
Adventist Healthcare	Giant of Maryland LLC	Giant of Maryland LLC
Giant of Maryland LLC	Helix Health System Inc.	Helix Health System Inc.
Helix Health Systems Inc	Home Depot USA Inc.	Home Depot USA Inc.
Johns Hopkins Hospital	Johns Hopkins Hospital	Johns Hopkins Hospital
Johns Hopkins University	Johns Hopkins University	Johns Hopkins University
Northrop Grumman Corporation	Northrop Grumman Corporation	Macy's
Safeway Inc	Safeway Inc	Northrop Grumman Corporation
Target	University of Maryland Medical System	Safeway Inc
University of Maryland Medical System	United Parcel Service	United Parcel Service
Wal-Mart	Wal-Mart	Wal-Mart

2006 and 2005	2004 and 2003
Giant of Maryland LLC	Giant of Maryland LLC
Helix Health System Inc.	Helix Health System Inc.
Home Depot USA Inc.	Home Depot USA Inc.
Johns Hopkins Hospital	Johns Hopkins Hospital
Johns Hopkins University	Johns Hopkins University
Northrop Grumman Corporation	Northrop Grumman Corporation
Safeway Inc	Safeway Inc
Target	United Parcel Service
United Parcel Service	Verizon Maryland Inc.
Wal-Mart	Wal-Mart

Source: Department of Labor, Licensing and Regulation; Office of Labor Market Analysis and Information.

* Information for prior years is not available. Information such as the number of employees or the employers' percentage of total employment is not available for disclosure.

STATE OF MARYLAND
State Employees by Function/Program
Last Six Fiscal Years*

	Year ended June 30,					
	2009	2008	2007	2006	2005	2004
State Employees:						
Governmental activities:						
General government	5,813	5,770	5,712	5,656	5,493	5,604
Health and mental hygiene	10,880	11,441	11,661	11,668	11,633	11,815
Education	2,450	2,445	2,504	2,425	2,295	2,180
Human resources	6,503	6,605	6,713	6,767	6,910	6,852
Public safety	16,311	15,791	15,603	15,307	15,207	15,356
Transportation	6,638	6,572	6,518	6,523	6,599	6,799
Judicial	6,109	5,982	5,851	5,744	5,496	5,387
Labor, licensing and regulation	1,662	1,644	1,682	1,647	1,667	1,691
Natural resources and recreation	2,104	2,070	2,008	1,970	2,028	2,076
Housing and community development	246	209	228	256	262	254
Environment	960	913	926	922	901	907
Agriculture	482	511	481	499	500	516
Business and economic development	228	275	295	340	307	303
Total governmental activities employees	60,386	60,228	60,182	59,724	59,298	59,740
Business-type activities:						
Economic development - insurance programs	127	208	201	210	201	205
Maryland State Lottery	189	183	185	183	169	177
Maryland Transportation Authority	1,652	1,652	1,594	1,502	1,503	1,562
Maryland Correctional Enterprises	204	201	184	187	164	159
Total business-type activities employees	2,172	2,244	2,164	2,082	2,037	2,103
Total primary government employees	62,558	62,472	62,346	61,806	61,335	61,843
Component units:						
Higher Education	38,985	37,988	36,132	34,882	39,388	34,397
Prepaid College Trust**	16	16	16			
Stadium Authority	117	108	120	98	93	97
Other component units	24	24	27	42	59	41
Total component unit employees	39,142	38,136	36,295	35,022	39,540	34,535

Source: Central Payroll Bureau, State Comptroller's Office

*Information for prior years not available.

** Information for prior years is included in the total for "Other Component Units".

STATE OF MARYLAND
Schedule of Miscellaneous, Operating and Capital Asset Statistics by Function
Last Six Fiscal Years*

Date of Ratification	1788
Form of Government	Legislative - Executive - Judicial
Land Area	9,844 square miles

	2009**	2008	2007	2006	2005	2004
Education, Public School Enrollment	815,742	823,732	827,596	829,007	828,961	821,984
Health and Human Resources:						
Medicaid Enrollment	586,733	532,082	520,436	629,500	638,085	502,860
Children's Health Program Enrollment	110,564	108,504	105,999	103,260	95,019	98,420
WIC Food Program Recipients	133,000	132,483	121,471	113,100	108,574	106,060
Mental Hygiene Clients	98,665	99,382	93,933	92,715	92,608	90,849
Public Assistance Caseload (AFDC/TANF)	54,775	51,554	50,149	57,589	65,782	70,745
Foster Care and Subsidized Adoption Average Caseload	14,839	14,839	13,806	13,956	14,762	15,028
Public Safety:						
Correctional Institutions Average Daily Population	22,792	22,943	21,680	26,475	26,938	27,933
Parole and Probation, Active Cases under Supervision	48,602	48,600	52,147	49,244	50,112	50,127
Youth Residential Programs, Average Daily Population	1,625	1,625	1,646	1,728	1,747	2,039
Number of Youths on Probation	5,900	6,610	6,247	6,568	6,765	6,840
Public Safety (State Police):						
Number of Police Stations	26	26	26	26	26	26
Number of State Police	1,590	1,590	1,591	1,591	1,593	1,596
Motor Vehicle Citations (calendar year)	437,575	446,505	430,284	462,252	482,219	459,272
Motor Vehicle - Number of Collisions (calendar year)	100,690	100,700	100,707	101,785	102,546	101,858
Judicial, Total Filings	N/A	2,363,183	2,383,668	2,410,038	2,422,466	2,418,359
Transportation:						
Miles of State Highways	5,240	5,242	5,241	5,235	5,234	5,235
Lane Miles Maintained	16,857	16,857	16,787	16,731	16,717	16,680
Expenditures per Lane Mile	9,194	$8,764	$8,990	$7,812	$7,957	$8,039
Number of Bridges***	1,180	1,176	1,155	1,155	1,155	1,157
Motor Vehicle Registrations	4.6 million	4.8 million	5.0 million	5.1 million	5.0 million	4.9 million
BWI Airport Passengers (calendar year)	20.2 million	20.4 million	20.8 million	19.7 million	19.1 million	20.5 million
Acres Agricultural Land Preserved - all programs	519,206	482,236	482,236	459,871	430,000	N/A
Department of Housing and Community Development:						
Active Single Family/Multifamily Bond Financed Loans	18,600	16,648	14,250	12,213	13,769	15,986
Department of Business and Economic Development:						
Number of businesses assisted	550	428	1,600	1,600	1,146	1,094
Number of workers trained	2,800	2,710	7,417	12,425	9,694	9,101
Higher Education (Universities, Colleges and Community Colleges):						
Number of Campuses in State	29	29	29	29	29	29
Number of Educators	9,190	9,224	9,021	8,711	8,606	8,432
Number of Students	269,287	263,636	255,969	256,580	251,984	246,794
Number of State Scholarships Awarded	58,104	58,552	56,495	52,576	47,025	44,851
Recreation:						
Number of State Parks and Forests	64	61	58	60	60	61
State Parks Daily Visitors	11.4 million	11.3 million	11.3 million	11.1 million	11.5 million	9.9 million
Area of State Parks, Acres	94,520	93,972	93,683	93,661	93,661	97,362
Area of State Forests, Acres	141,434	140,433	138,587	136,093	136,093	135,951

*Information for prior years not available.
** These amounts are estimates.
***On Maryland's portion of the National Highway System
Sources: State Comptroller's Office, General Accounting Division, Central Payroll Bureau, Maryland Manual @ www.mdarchives.state.md.us/msa/mdmanual, Maryland Budget, Department of Budget and Management, Department of Natural Resources, and the State Highway Administration of Maryland.

STATE OF MARYLAND
Comprehensive Annual Financial Report

FINANCIAL SCHEDULES

REQUIRED BY LAW

These schedules are required to be submitted by the Comptroller by Title 2, Section 102 of the State Finance and Procurement Article of the Annotated Code of Maryland.

STATE OF MARYLAND
Schedule of Estimated and Actual Revenues By Source, Budgetary Basis, for the Year Ended June 30, 2009
(Expressed in Thousands)

	Annual Budgeted Funds										Capital Projects Fund	Total
	General Fund		Special Fund		Federal Fund		Higher Education Funds: Current Unrestricted Fund		Higher Education Funds: Current Restricted Fund			
	Estimated Revenues	Actual Revenues	Estimated Revenues	Actual Revenues	Estimated Revenues	Actual Revenues	Estimated Revenues	Actual Revenues	Estimated Revenues	Actual Revenues	Actual Revenues	Actual Revenues
Taxes:												
Property tax		$ 725	$ 791,921	$ 554,177							$ 247,120	$ 802,022
Franchise and corporation tax	$ 134,000	124,943										124,943
Death taxes	226,555	205,638										205,638
Admission and amusement tax	5,000	8,105	2,325	2,592								10,697
Alcoholic beverages tax	29,009	29,168										29,168
Motor vehicle fuel taxes	6,500	6,500	727,668	728,336								734,836
Income taxes	7,363,803	7,027,897	164,397	199,340								7,227,237
Sales and use taxes	3,610,951	3,620,431	224,700	230,909								3,851,340
Tobacco taxes	413,773	405,560										405,560
Motor vehicle titling taxes			550,000	514,155								514,155
Insurance company taxes	298,340	275,203	102,550	111,277								386,480
Horse racing taxes				1,609								1,609
Shellfish taxes				119								119
Boxing, wrestling or sparring taxes		282										282
Boat titling tax			8,688	17,065								17,065
Energy generation tax			46,710	47,210								47,210
Emergency telephone system tax			69,729	62,297								62,297
Total taxes	12,087,931	11,704,452	2,688,688	2,469,086							247,120	14,420,658
Other:												
Licenses and permits	34,985	36,973	539,108	553,652								590,625
Fees for services	131,021	125,340	773,438	737,377								862,717
Fines and costs	155,984	170,196	359,288	253,990								424,186
Sales to the public	11,000	11,011	73,778	77,418								88,429
Commissions and royalties	-	8	91,904	73,633								73,641
Rentals	6	2,617	106,748	98,560								101,177
Interest on investments	103,000	113,607	38,000	42,076		$ 1,010					183	156,876
Interest on loan repayments			5,900	2,034								2,034
Miscellaneous	80,936	141,106	50,212	53,529								194,635
Colleges and universities							$2,315,584	$2,351,113	$1,106,803	$1,056,042		3,407,155
Federal reimbursements and grants			17,000	51,083	$8,013,429	7,514,872						7,565,955
Other reimbursements	148,840	162,026	365,187	333,931								495,957
Bond issues:												
State - general purpose											845,594	845,594
Consolidated transportation bonds			422,000	390,000								390,000
Premiums				74,144								74,144
State reimbursements	461,751	725,452	323,384	212,507							(5,245)	932,714
Appropriated from other funds							1,131,867	1,131,867				1,131,867
Trust funds			17,324	15,831								15,831
Revolving accounts	5,000	9,002	16,230	17,369								26,371
Total revenues	$13,220,454	$13,201,790	$5,888,189	$5,456,220	$8,013,429	$7,515,882	$3,447,451	$3,482,980	$1,106,803	$1,056,042	$1,087,652	$31,800,566

STATE OF MARYLAND
Schedule of Budget and Actual Expenditures and Encumbrances By Major Function, Budgetary Basis
For the Year Ended June 30, 2009
(Expressed in Thousands)

	Annual Budgeted Funds											
							Higher Education Funds					
	General Fund		Special Fund		Federal Fund		Current Unrestricted Fund		Current Restricted Fund		Capital Projects Fund	
Expenditures and Encumbrances by Major Function*	Final Budget	Actual	Final Budget	Actual	Final Budget	Actual	Final Budget	Actual	Final Budget	Actual	Actual	Total Actual
Payments of revenue to civil divisions of the State	$ 120,760	$ 120,760										$ 120,760
Public debt			$745,504	$744,799								744,799
Legislative	76,397	73,650	500	339								73,989
Judicial review and legal	485,384	477,529	97,718	83,215	$ 6,706	$ 5,762						566,506
Executive and administrative control	254,130	248,094	278,718	222,395	120,973	112,137						582,626
Financial and revenue administration	179,818	178,792	84,855	81,777								260,569
Budget and management	38,839	36,165	60,834	16,574								52,739
Retirement and pension			30,681	29,430								29,430
General services	55,284	55,284	1,481	1,182	958	958						57,424
Transportation and highways			2,869,318	2,749,235	833,430	762,171						3,511,406
Natural resources and recreation	57,855	57,718	188,422	173,378	38,761	30,841						261,937
Agriculture	29,155	28,884	73,162	71,507	16,513	12,588						112,979
Health, hospitals and mental hygiene	3,373,973	3,362,742	687,339	646,265	4,074,933	4,049,579						8,058,586
Human resources	589,585	589,215	85,339	84,317	1,457,737	1,382,395						2,055,927
Labor, licensing and regulation	12,829	12,743	39,311	32,922	137,117	134,948						180,613
Public safety and correctional services	1,076,908	1,076,861	159,592	149,588	19,041	18,053						1,244,502
Public education	7,246,594	7,242,123	114,123	104,484	952,072	920,871	$3,447,451	$3,387,222	$1,106,803	$1,056,649		12,711,349
Housing and community development	9,411	9,401	69,786	59,038	257,436	249,038						317,477
Business and economic development	81,198	80,788	57,722	37,341	8,432	5,054						123,183
Environment	44,951	44,941	171,271	161,715	66,472	63,087						269,743
Juvenile services	267,002	266,941	203	165	11,687	7,383						274,489
State police	180,461	178,772	72,310	61,807	11,161	4,023						244,602
State reserve fund	211,543	211,543										211,543
Loan accounts											$1,027,414	1,027,414
Reversions:												
Current year reversions	(30,000)											
Prior year reversions		(44,216)		(25,122)		(57,329)		(381)		(575)		(127,623)
Total expenditures and encumbrances	$14,362,077	$14,308,730	$5,888,189	$5,486,351	$8,013,429	$7,701,559	$3,447,451	$3,386,841	$1,106,803	$1,056,074	$1,027,414	$32,966,969

*Appropriation and expenditure differences between this statement and the "Statement of Revenues, Expenditures and Encumbrances and Changes in Fund Balances - Budget and Actual - Budgetary General and Special" included in the RSI Section, result from differences in the classification of prior year encumbrances and expenditures.

STATE OF MARYLAND
Schedule of Changes in Fund Equities - Budgetary Basis
For the Year Ended June 30, 2009

(Expressed in Thousands)

	General Fund		Special Fund			Higher Education Funds			
	General	State Reserve	Special	Debt Service	Federal Fund	Current Unrestricted Fund	Current Restricted Fund	Capital Projects Fund	Total
Fund equities, June 30, 2008	$ 666,762	$720,298	$1,722,688	$ 58,565		$ 617,001	$ 3,310	$ 222,824	$ 4,011,448
Increase :									
Revenues	12,939,133	262,657	4,695,042	761,178	$7,515,882	3,482,980	1,056,042	1,087,652	31,800,566
Decrease :									
Appropriations	14,392,077		5,142,685	745,504	8,013,429	3,447,451	1,106,803		
Less: Current year reversions	(39,131)		(376,011)	(705)	(254,541)	(60,229)	(50,154)		
Prior year reversions	(44,216)		(25,122)		(57,329)	(381)	(575)		
Expenditures and encumbrances*	14,308,730		4,741,552	744,799	7,701,559	3,386,841	1,056,074	1,027,414	32,966,969
Changes to encumbrances during fiscal year 2009	42,998		11,522		(29,252)	444	(81)		25,631
Expenditures	14,351,728		4,753,074	744,799	7,672,307	3,387,285	1,055,993	1,027,414	32,992,600
Transfers in (out)	969,658	(281,143)	(37,591)	32	156,425	(28,351)	(248)	(159,136)	619,646
Fund equities, June 30, 2009	$ 223,825	$701,812	$1,627,065	$ 74,976	$ -	$ 684,345	$ 3,111	$ 123,926	$ 3,439,060
Fund Balance:									
Reserved:									
Encumbrances	$136,652		$ 534,356		$ 251,463	$ 1,374	$ 169	$ 563,250	$ 1,487,264
State reserve fund		$701,812							701,812
Loans and notes receivable			2,644	$ 3,592					6,236
Shore erosion loan program			5,053						5,053
Gain/Loss on Investments			521						521
Unreserved:									
Designated for:									
General long-term debt service				71,384					71,384
2010 operations	349,156								349,156
Undesignated surplus (deficit)	(261,983)		1,084,491		(251,463)	682,971	2,942	(439,324)	817,634
Total	$ 223,825	$701,812	$1,627,065	$ 74,976	$ -	$ 684,345	$ 3,111	$ 123,926	$3,439,060

*Appropriation and expenditure differences between this statement and the "Statement of Revenues, Expenditures and Encumbrances and Changes in Fund Balances - Budget and Actual - Budgetary General, Special, and Federal" included in the RSI Section, result from differences in the classification of prior year encumbrances and expenditures.

STATE OF MARYLAND
Schedule of Funds Transferred to Political Subdivisions
For the Year Ended June 30, 2009 (1)
(Expressed in Thousands)

	State Sources				Other Sources				
Subdivision (2)	Shared Revenues	Direct Grants and Appropriations	Debt Service	Total	Federal Funds	State Administered Local Revenue	Total	Assessed Value of Real and Personal Property (2)	Amount Per $100 of Assessed Value
Allegany	$ 4,034	$ 127,017	$ 6,019	$ 137,070	$ 18,658	$ 27,107	$ 182,835	$ 3,300,462	$5.54
Anne Arundel	25,756	415,965	29,612	471,333	57,499	385,509	914,341	81,956,148	1.12
Baltimore County	36,427	746,323	34,431	817,181	94,239	649,002	1,560,422	81,732,183	1.91
Calvert	5,497	109,656	10,018	125,170	10,655	64,424	200,250	12,916,676	1.55
Caroline	3,471	56,932	3,986	64,389	8,638	12,176	85,203	2,869,869	2.97
Carroll	9,877	190,732	8,750	209,359	17,828	115,020	342,207	20,329,010	1.68
Cecil	5,620	133,683	4,569	143,872	15,840	53,945	213,657	10,469,664	2.04
Charles	8,094	203,598	14,673	226,365	20,431	83,771	330,567	18,586,394	1.78
Dorchester	3,603	46,996	8,087	58,686	9,633	14,703	83,022	3,234,812	2.57
Frederick	11,659	268,432	6,247	286,338	24,889	159,773	471,000	30,138,087	1.56
Garrett	4,566	42,911	3,571	51,048	8,854	13,511	73,413	4,356,322	1.69
Harford	12,391	284,429	14,634	311,454	28,341	172,061	511,856	26,162,245	1.96
Howard	13,482	278,822	41,737	334,041	24,129	324,310	682,480	47,667,750	1.43
Kent	1,903	19,094	578	21,575	5,744	13,399	40,718	2,917,378	1.40
Montgomery	32,011	698,498	63,916	794,425	97,050	1,294,483	2,185,958	186,959,284	1.17
Prince George's	24,245	1,187,978	48,305	1,260,527	135,376	426,314	1,822,218	88,581,325	2.06
Queen Anne's	4,666	49,371	4,859	58,896	7,582	39,962	106,440	8,420,273	1.26
St. Mary's	6,578	124,228	7,818	138,624	15,667	67,499	221,790	11,602,222	1.91
Somerset	2,485	41,118	1,362	44,965	10,236	7,326	62,527	1,632,417	3.83
Talbot	2,759	20,284		23,043	6,363	34,762	64,168	9,155,628	0.70
Washington	7,658	191,017	13,080	211,755	26,770	69,640	308,165	13,768,572	2.24
Wicomico	6,270	152,319	21,369	179,958	21,701	45,173	246,832	7,123,930	3.46
Worcester	4,430	35,821	4,373	44,624	11,939	18,461	75,024	20,381,906	0.37
Baltimore City	188,971	1,336,856	36,106	1,561,935	298,750	299,593	2,160,276	33,564,630	6.44
Total	$426,453	$6,762,080	$388,100	$7,576,633	$976,812	$4,391,924	$12,945,369	$727,827,187	

(1) In addition to the amounts shown for counties and Baltimore City, $166,720,000 was distributed to municipalities within the counties.
(2) Source: Sixty-fifth Report of the Department of Assessments and Taxation, dated January 2009. Assessed value of property is 100%

STATE OF MARYLAND

Schedule of Taxes Receivable from Collectors of State Property Taxes

June 30, 2009

(Expressed in Thousands)

Political Subdivision	Taxes Receivable		
	Current Year	Prior Years	Total
Allegany	$ 235	$ 139	$ 374
Anne Arundel	932	79	1,011
Baltimore County	(71)	524	453
Calvert	440	18	458
Caroline	9	36	45
Carroll	9	173	182
Cecil	478	84	562
Charles	59	20	79
Dorchester	317	139	456
Frederick	96	119	215
Garrett	418	(30)	388
Harford	160	12	172
Howard	(7)	985	978
Kent	194	6	200
Montgomery	183	(792)	(609)
Prince George's	334	155	489
Queen Anne's	12	1	13
St. Mary's	336	2	338
Somerset	201	24	225
Talbot	9	(7)	2
Washington	1,300	833	2,133
Wicomico	92	54	146
Worcester	728	9	737
Baltimore City	6,686	9,506	16,192
Total	$13,150	$12,089	$25,239

STATE OF MARYLAND
Schedule of Estimated Revenues - Budgetary Basis
For the Year Ending June 30, 2010
(Expressed in Thousands)

	General Fund	Special Fund	Federal Fund	Current Unrestricted Fund	Current Restricted Fund	Total
Income taxes	$7,157,664	$153,638				$7,311,302
Retail sales and use tax and licenses	3,605,424	221,092				3,826,516
Motor vehicle fuel taxes and licenses	8,386	751,923				760,309
Motor vehicle tax and licenses		921,700				921,700
Property taxes		798,699 (1)				798,699
Insurance company taxes, licenses and fees	305,232					305,232
Franchise and corporation taxes	228,115					228,115
State tobacco tax and licenses	399,120					399,120
Alcoholic beverages taxes and licenses	30,756					30,756
Death taxes	177,638					177,638
Miscellaneous taxes, fees and other revenues	176,758	35,004 (2)				211,762
Budgeted tobacco settlement recoveries		187,033				187,033
Horse racing taxes and licenses	236	4,011				4,247
District courts fines and costs	88,750					88,750
Interest on investments	73,000	4,000				77,000
Hospital patient recoveries	66,396					66,396
Legislative	260	100				360
Judicial review and legal	56,141	91,075	$6,616			153,832
Executive and administrative control	5,012	266,609	170,462			442,083
Financial and revenue administration	9,321	39,957				49,278
Budget and management	752	12,073				12,825
State lottery agency	507,103	98,818				605,921
Information technology development		16,403				16,403
Retirement and pension		31,820				31,820
General services		2,605	1,002			3,607
Transportation and highways		734,602	1,081,016			1,815,618
Natural resources and recreation	53	79,477	39,843			119,373
Agriculture	89	32,591	6,713			39,393
Health, hospitals and mental hygiene	42,416	530,349	4,418,185			4,990,950
Human resources	1,556	87,948	1,257,786			1,347,290
Labor, licensing and regulation	8,280	32,482	181,425			222,187
Public safety and correctional services	8,283	165,043	49,367			222,693
Public education	35,584	48,232	1,538,725	$3,469,007	$1,128,249	6,219,797
Housing and community development	900	58,825	320,427			380,152
Business and economic development		49,466	1,577			51,043
Environment	595	201,211	185,595			387,401
Juvenile justice		203	15,057			15,260
State police	3,200	74,862	34,255			112,317
Total estimated revenues (3)	$12,997,020	$5,731,851	$9,308,051	$3,469,007	$1,128,249	$32,634,178

(1) Includes $ 749,983,000 recorded in the Debt Service Fund for accounting purposes.
(2) Includes $ 35,004,000 recorded in the Debt Service Fund for accounting purposes.
(3) Amounts are reported as of July 1, 2009, and do not reflect revisions, if any, subsequent to that date.

STATE OF MARYLAND
Schedule of General, Special, Federal, Current Unrestricted and Current Restricted Fund Appropriations - Budgetary Basis
For the Year Ending June 30, 2010
(Expressed in Thousands)

	General Fund	Special Fund	Federal Fund	Current Unrestricted Fund	Current Restricted Fund	Total
Payments of revenue to civil divisions of the State	$ 124,011					$ 124,011
Public debt		$ 784,987 (1)				784,987
Legislative	76,403	100				76,503
Judicial review and legal	484,063	92,044	$ 6,615			582,722
Executive and administrative control	226,770	269,609	170,462			666,841
Financial and revenue administration	188,300	99,475				287,775
Budget and management	52,337	28,476				80,813
Retirement and pension		31,820				31,820
General services	59,174	2,605	1,002			62,781
Transportation and highways		2,776,956	1,081,016			3,857,972
Natural resources and recreation	52,174	135,208	39,843			227,225
Agriculture	29,960	41,090	6,713			77,763
Health, hospitals and mental hygiene	3,165,022	704,873	4,418,185			8,288,080
Human resources	566,450	87,948	1,257,786			1,912,184
Labor, licensing and regulation	35,988	35,018	181,425			252,431
Public safety and correctional services	1,049,669	165,043	49,367			1,264,079
Public education	7,028,266	92,032	1,538,725	$3,469,007	$1,128,249	13,256,279
Housing and community development	4,618	58,825	320,427			383,870
Business and economic development	73,823	49,466	1,577			124,866
Environment	38,022	201,211	185,595			424,828
Juvenile justice	262,123	203	15,057			277,383
State police	170,234	74,861	34,256			279,351
State reserve fund	139,948					139,948
Total appropriations (2)	$13,827,355	$5,731,850	$9,308,051	$3,469,007	$1,128,249	$33,464,512

(1) Recorded in the Debt Service Fund for accounting purposes.
(2) Amounts are reported as of July 1, 2009, and do not reflect revisions, if any, subsequent to that date.

COMPTROLLER OF MARYLAND

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